



FINANCIAL REPORT

DECEMBER 31, 2019



TABLE OF CONTENTS

	<u>Statement/ Schedule</u>	<u>Page</u>
Independent Auditors' Report		1 - 3
REQUIRED SUPPLEMENTARY INFORMATION – PART I		
Management's Discussion and Analysis		4 - 12
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):		
Statement of Net Position	A	13
Statement of Activities	B	14
FUND FINANCIAL STATEMENTS (FFS):		
Balance Sheet – Governmental Funds	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	18
Statement of Net Position – Proprietary Funds	G	19
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	H	20
Statement of Cash Flows – Proprietary Funds	I	21 - 22
Notes to Financial Statements		23 - 62
REQUIRED SUPPLEMENTARY INFORMATION – PART II		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund	1.1	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Section 8 Housing Fund	1.2	64
Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios	1.3	65
Schedule of Proportionate Share of the Net Pension Liability	1.4	66
Schedule of Contributions	1.5	67
Notes to the Required Supplementary Information	1.6	68 - 69

	<u>Statement/ Schedule</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION		
Combining Balance Sheet – Non-Major Special Revenue Funds	2.1	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	2.2	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual		
Police Forfeiture Fund	2.3	72
Fire Department Fund	2.4	73
Street Improvements and Maintenance Fund	2.5	74
Parish Transportation Fund	2.6	75
CDBG Fund	2.7	76
Capital Projects Fund	3.1	77
Statement of Revenues, Expenses, and Change in Net Position – Municipal Gas and Sewerage System Fund	4.1	78
Combining Statement of Net Position – Discretely Presented Component Units	4.2	79
Combining Statement of Activities – Discretely Presented Component Units	4.3	80
Schedule of Utility Customers (Unaudited)	4.4	81
Schedule of Insurance in Force (Unaudited)	4.5	82
Schedule of Principal Officials and Salaries	4.6	83
Schedule of Compensation, Benefits, and Other Payments to Agency Head	4.7	84
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		85 - 86
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		87 - 88
Schedule of Expenditures of Federal Awards		89 - 90
Schedule of Findings and Questioned Costs		91 - 93
Summary Schedule of Prior Audit Findings and Responses		94

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Council
City of Thibodaux, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thibodaux, Louisiana, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, which represents one hundred percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the schedules of revenues, expenditures, and change in fund balance – budget to actual on pages 63 through 64, schedule of changes in total other postemployment benefit liability and related ratios on page 65, the schedule of proportionate share of the net pension liability on page 66, the schedule of contributions on page 67, and the notes to the required supplementary information on pages 68 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules on pages 70 through 77, statement of revenues, expenses, and change in net position – municipal gas and sewerage system fund on page 78, the combining statements – discretely presented component units on pages 79 through 80, the schedule of utility customers (unaudited) on page 81, the schedule of insurance in force (unaudited) on page 82, the schedule of principal officials and salaries on page 83, and the schedule of compensation, benefits, and other payments to agency head on page 84 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 89 through 90 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, statement of revenues, expenses, and change in net position – municipal gas and sewerage system fund, the combining statements – discretely presented component units, the schedule of principal officials and salaries, the schedule of



compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements and schedules, statement of revenues, expenses, and change in net position – municipal gas and sewer system fund, the combining statements – discretely presented component units, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information in the schedule of utility customers (unaudited) and the schedule of insurance in force (unaudited) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Postlethwaite & Netterville". The script is cursive and elegant, with the ampersand clearly visible.

Baton Rouge, Louisiana
August 18, 2020

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

The Finance Department, Accounting Division is responsible for the overview and analysis of the financial activities of the City of Thibodaux, Louisiana (the City) for the year ended December 31, 2019. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net assets. Further detail offers our readers a financial analysis of the funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the primary government at the close of the most recent fiscal year by **\$47.7** million (net position). Of this amount, **\$52.5** million is the net invested in capital assets and **\$2.3** million is restricted for federal grants, debt service payments, and utility system maintenance. Because of the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, the amount of net position used to meet the ongoing long-term obligations to citizens and creditors (unrestricted) is reduced to a **negative \$7.1** million.

Total net position increased by **\$1.5 million** during 2019. Governmental activities net position increased by approximately **\$1.2** million and the business-type activities increased by approximately **\$0.3** million in 2019.

At the end of our current fiscal year, the governmental funds reported combined ending fund balances of **\$14.4** million, with an increase of approximately **\$1.4** million in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Government-Wide Financial Statements

The government-wide financial statements (GWFS) reported in Statements A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the GWFS is a column for the business-type activities of the primary government.

The Statement of Net Position reported in Statement A presents information on all the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities reported in Statement B presents information showing how the net position changed during the recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods. For example, earned but unused vacation leave results in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the general taxes and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The GWFS distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the basic services and include the financial activities of Administration (Executive and Legislative Branches), Public Works (Government Buildings, Drainage, Roads and Streets), Public Safety (City Police and Fire), Human Resources, Finance, Parks, Recreation, Municipal Auditorium, and Legal. The business-type activities include water production and distribution operations, natural gas distribution, sewerage collection and treatment system, and solid waste collection and disposal.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements (FFS) presentation more familiar.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

The focus is now on major funds, rather than generic fund types. All the funds are reported in two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the GWFS. The governmental major fund presentation in Statements C through F is presented on a sources and uses of resources basis. This is the manner in which the financial budget is typically developed. Unlike the GWFS, governmental FFS focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the current financing requirements. The following are major governmental funds: General Fund, Section 8 Housing Fund, and Capital Projects Fund.

All non-major governmental funds are presented in one column, titled Non-Major Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Proprietary Funds report both Enterprise and Internal Service funds on the FFS illustrated in Statements G through I. *Enterprise funds* are used to account for operations financed and operated in a manner similar to private business enterprises. These Enterprise Funds are presented as major funds and consist of the Municipal Waterworks Fund, Municipal Gas and Sewerage System Fund, and Garbage Collection Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges. The *Internal Service Fund* is used to account for the financing of goods or services provided by Risk Management (self-insurance) to other funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements.

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that exceed the capitalization threshold explained in Note 1i accompanying the financial statements. All projects completed and acquisitions occurring in calendar year ended December 31, 2019 have been capitalized.

Other Information

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes to the financial statements are a required part of the basic financial statements and can be found following Statement I in this report.

Supplementary Information

The combining statements referred to earlier in connection with the non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules include Statements 2.1-2.2 and Schedules 2.3-3.1 of the report. Other supplementary financial information can be found in Statement 4.1 through 4.3 and Schedules 4.4 through 4.7 of this report.

Also included in the report are the auditors' reports in accordance with *Government Auditing Standards* and the Uniform Guidance, findings, and schedules.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2019, with comparative figures from 2018:

<u>Condensed Statements of Net Position</u>						
(in millions)						
	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other	\$ 15.8	\$ 14.2	\$ 7.1	\$ 6.7	\$ 22.9	\$ 20.9
Restricted	-	-	3.1	3.0	3.1	3.0
Capital	34.5	34.1	27.7	28.3	62.2	62.4
Total Assets	<u>50.3</u>	<u>48.3</u>	<u>37.9</u>	<u>38.0</u>	<u>88.2</u>	<u>86.3</u>
Deferred Outflows	<u>4.2</u>	<u>3.6</u>	<u>0.7</u>	<u>0.5</u>	<u>4.9</u>	<u>4.1</u>
Liabilities						
Current	1.7	1.2	1.8	1.5	3.5	2.7
Long-term	26.7	26.3	13.3	14.2	40.0	40.5
Total Liabilities	<u>28.4</u>	<u>27.5</u>	<u>15.1</u>	<u>15.7</u>	<u>43.5</u>	<u>43.2</u>
Deferred Inflows	<u>1.6</u>	<u>1.1</u>	<u>0.3</u>	<u>0.0</u>	<u>1.9</u>	<u>1.1</u>
Net Position						
Net Invested in Capital	34.5	34.1	18.0	18.1	52.5	52.2
Restricted	1.2	-	2.3	2.2	3.5	2.2
Unrestricted	-11.2	-10.8	2.9	2.5	-8.3	-8.3
Total Net Position	<u>\$ 24.5</u>	<u>\$ 23.3</u>	<u>\$ 23.2</u>	<u>\$ 22.8</u>	<u>\$ 47.7</u>	<u>\$ 46.1</u>

For more detailed information, see Statement A, Statement of Net Position.

Approximately **110%** of total net position as of December 31, 2019 reflects the net invested in capital assets (land, construction in progress, buildings, infrastructure, machinery and equipment less accumulated depreciation) less any related outstanding debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Another **7%** of the total net position is subject to external restrictions as to their use. The remaining unrestricted net assets is a **negative 17%** of total net position.

While net investment in capital assets increased approximately **\$0.3** million due to land and road improvement project costs related to governmental activities during the year, unrestricted net position improved slightly by approximately **\$0.8** million primarily due to increased sales tax revenues.

The City experienced slight improvement in total net position for business-type activities due to an overall decrease in operating income offset with an increase in earnings in non-operating revenues.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

The table below provides a summary of the changes in net assets for the year ended December 31, 2019, with comparative figures:

Condensed Statements of Activities
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue						
Program Revenue:						
Charges for services	\$ 1.8	\$ 1.7	\$ 8.6	\$ 8.6	\$ 10.4	\$ 10.3
Operating Grants	1.8	1.9	-	-	1.8	1.9
Capital Grants	1.6	0.3	0.3	0.4	1.9	0.7
General Revenue						
Property Taxes	1.6	1.6	-	-	1.6	1.6
Sales Taxes	13.6	12.8	-	-	13.6	12.8
Other Taxes	1.1	1.1	-	-	1.1	1.1
Investment Earnings	0.3	0.1	0.1	0.1	0.4	0.2
Non-specific Grants	-	0.2	-	-	-	0.2
Other	0.3	0.2	0.1	-0.1	0.4	0.1
Total Revenue	<u>22.1</u>	<u>19.9</u>	<u>9.1</u>	<u>9.0</u>	<u>31.2</u>	<u>28.9</u>
Expenses						
General Government	4.4	4.8	-	-	4.4	4.8
Public Safety	7.7	7.1	-	-	7.7	7.1
Public Works	4.3	2.5	-	-	4.3	2.5
Culture & Recreation	3.3	3.1	-	-	3.3	3.1
Health & Welfare	1.2	1.1	-	-	1.2	1.1
Waterworks	-	-	3.2	2.9	3.2	2.9
Gas & Sewerage	-	-	4.0	4.0	4.0	4.0
Garbage Collection	-	-	1.5	1.5	1.5	1.5
Total Expenses	<u>20.9</u>	<u>18.6</u>	<u>8.7</u>	<u>8.4</u>	<u>29.6</u>	<u>27.0</u>
Increase in Net Position	1.2	1.3	0.4	0.6	1.6	1.9
Beginning Net Position	<u>23.3</u>	<u>22.0</u>	<u>22.8</u>	<u>22.2</u>	<u>46.1</u>	<u>44.2</u>
Ending Net Position	<u>\$ 24.5</u>	<u>\$ 23.3</u>	<u>\$ 23.2</u>	<u>\$ 22.8</u>	<u>\$ 47.7</u>	<u>\$ 46.1</u>

The government's total net position increased by **\$1.6** million during the current fiscal year. The majority of this increase is due to the increase in the net position for *Governmental Activities* of **\$1.2** million. This increase in net position is due to increases in sales tax revenue collections that were partially offset by increases in public works costs as a result of infrastructure improvements in 2019.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Financial Analysis of the Governmental Funds

Governmental Funds: The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balance of the governmental funds was **\$14.4** million, an increase of \$1.4 million from the prior year. Approximately **90%** (**\$13** million) of total fund balance was unassigned and available for spending in future periods. The restricted fund balance was **\$8,696** due to restrictions by external parties and **\$1,213,692** due to ad valorem taxes dedicated for Public Safety and Public Works. Fund balance of **\$132,044** was committed for Public Works. The assigned fund balance of **\$10,253** represents amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

The General Fund is the chief operating fund and is always a major fund. At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately **\$13** million, an increase of approximately **\$1.6** million from the prior year. This represents **78%** of total General Fund expenditures.

Other major funds include the Section 8 Housing Special Revenue Fund and Capital Projects Fund. At the end of the current fiscal year, the fund balance of the Section 8 Housing Fund, all of which is restricted specifically for the Section 8 federal program was **\$8,696**, a decrease of **\$1,817** from the prior year.

The fund balance of the Capital Projects Fund decreased by **\$18,350** from the prior year. The ending fund balance of the Capital Projects fund of **\$132,044** was included in the committed for Public Works classification of Fund Balance. The Capital Projects Fund accounts mainly for roadway improvements.

Proprietary Funds: The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Municipal Waterworks Fund is used to account for water services to all areas of the City. This fund encompasses all assets associated with potable water production and distribution.

The Municipal Waterworks Fund had unrestricted net position of **\$1.8** million. Net Invested in Capital Assets at the end of the current fiscal year was **\$7.2** million, **\$97,141** was restricted for debt service, and **\$106,315** was restricted for system maintenance. This fund ended the year with **\$399,269** in operating loss as charges did not cover current operating expenses.

The Municipal Gas & Sewerage System Fund had unrestricted net position of **\$0.5** million. This fund encompasses all assets associated with sewerage and natural gas operations, maintenance and capital improvements. The Gas System ended the year with a **\$0.2** million operating income and the Sewerage System ended with **\$0.2** million operating income for a combined operating income at year-end of **\$0.4** million. Investment in capital assets, net of related debt at the end of the current fiscal year totaled **\$10.9** million, **\$0.4** million was restricted for debt service, and **\$1.7** million was restricted for system maintenance.

The Garbage Collection Fund had **\$0.6** million in unrestricted net assets. This fund encompasses all assets associated with garbage collection. The fund ended the year with an operating income of **\$27,325**. There was no investment in capital assets at the end of the current fiscal year.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was due to an increase in expected sales tax revenues. Some of the significant variances are listed below:

REVENUES

- Taxes – Sales & Use had a favorable variance of \$866,667 due to continued growth within the City.
- Taxes – Video Poker had a favorable variance of \$22,047 due to continued growth in the gaming industry.
- Miscellaneous – Investment Income had a favorable variance of approximately \$115,000.
- Total revenues and transfers were amended by \$931,294 from \$17,151,890 to \$18,083,184. This was in response to an increase in sales tax expectations.

EXPENDITURES

- There were no significant unfavorable variances at the end of the year.
- Total expenditures and transfers out were amended by \$227,029 from \$18,869,074 to \$18,642,045.

Capital Asset and Debt Administration

Capital Assets: The capital assets for governmental and business-type activities was **\$62.2 million** (net of accumulated depreciation). Capital assets includes land, construction in progress, infrastructure, buildings and improvements, furnishings and equipment, gas and water utility systems, sewer system facilities, roads, highways and drainage systems. The total **decrease** in capital assets (net of depreciation) for the current fiscal year was **\$260,979**, a **\$428,257 increase** for governmental activities and **\$689,236 decrease** for business-type activities.

Major capital asset additions, completions, or purchases during the current fiscal year included the following:

- **2019 Roadway Improvements** **\$1,232,864**
- **2019 Land and Improvement donations** **\$1,043,729**

The amounts expended to date for current projects in progress at year-end:

Governmental Activities

- **Acadian West Trail** **\$316,396**
- **Geometric & Signal Study - Canal Blvd** **\$68,227**
- **Andolsek Restroom** **\$50,045**
- **Acadia Road Roundabout** **\$585,677**
- **2019 Roadway Improvements** **\$1,050,583**

Business-Type Activities

- **North Wastewater Treatment Plant** **\$3,808,830**
- **NWWTP Generator** **\$19,961**
- **2019 Roadway Improvements** **\$182,281**

Contract commitments remaining in relation to the above projects at year-end total \$6,850,389.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Capital Assets (Net of Depreciation)

(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4.4	\$ 4.3	\$ 0.4	\$ 0.4	\$ 4.8	\$ 4.7
Buildings & improvements	3.2	3.7	-	-	3.2	3.7
Infrastructure	23.1	23.7	-	-	23.1	23.7
Furnishing & equipment	1.7	1.6	-	-	1.7	1.6
Water production & distribution system	-	-	12.2	12.5	12.2	12.5
Sewer system & equipment	-	-	8.9	9.4	8.9	9.4
Gas distribution system	-	-	2.2	2.3	2.2	2.3
Construction in progress	2.1	0.8	4.0	3.7	6.1	4.5
	<u>\$ 34.5</u>	<u>\$ 34.1</u>	<u>\$ 27.7</u>	<u>\$ 28.3</u>	<u>\$ 62.2</u>	<u>\$ 62.4</u>

Additional information on the City's capital assets can be found in **Note 11** of this report.

Long-term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding of **\$6.89** million.

Summary of Outstanding Debt

(in millions)

	Business-type Activities	
	<u>2019</u>	<u>2018</u>
Water Revenue Bond, Series 2010B	\$ 3.05	\$ 3.29
Utilities Revenue Bonds, Series 2013	3.75	3.88
Utilities Revenue Bonds, Series 2019	0.09	-
	<u>\$ 6.89</u>	<u>\$ 7.17</u>

The bond issues are serviced by user fees assessed for sewer collection and treatment and are backed by the full faith and credit of the City.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Economic Factors and Next Year's General Fund Budget and Rates

The proposed General Fund budget for the year ending December 31, 2020, results in an operating deficit of **\$1.1** million. Highlights of next year's General Fund budget include:

**Condensed Summary of General Fund
Budgeted Finances**

	FY 2020
Anticipated revenues	\$ 16,923,606
Transfers in	90,397
Expenditures:	
Current	17,342,115
Capital outlay	729,000
Excess of expenditures	(1,057,112)
Fund balance:	
Beginning of the year	11,013,822
End of the year	\$ 9,956,710

In addition, we call your attention to the following key assumptions made in completing next year's budget:

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, these revenues have shown significant highs and lows. With this in mind, it has been the City's practice to budget no increase for these proceeds.
- Sales Tax collections support the operations of the General Fund and the Capital Projects Fund. The City experienced a 6.1% increase in growth in sales tax collections from 2018 to 2019. For prudent planning, the budget includes a slight increase in 2020 collections as compared to the 2019 estimated projections due to anticipated sales tax revenue received from Lafourche Parish Sales Tax office audits in 2019.
- Ad Valorem taxes are proposed at relatively no growth for 2020 as compared to 2019.
- 3% increase in salaries was budgeted.
- Retirement contributions is expected to increase 1.75% (MERS), 0.25% (MPERS), 2.3% (LASERS).
- Approximately \$6.4 million in capital expenditures was budgeted in 2020 for the North Wastewater Treatment Plant.
- Insurance expenditures are budgeted to increase 5% - 10%.

Requests for Information

This financial report is designed to provide a general overview of the City of Thibodaux's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Council Administrator, P. O. Box 5418, Thibodaux, Louisiana, 70302. General information relating to the City can be found at the City website, www.ci.thibodaux.la.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY OF THIBODAUX
Thibodaux, Louisiana
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Statement A Component Units
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Cash and cash equivalents	\$ 4,430,474	\$ 3,568,064	\$ 7,998,538	\$ 5,679,618
Investments	7,942,400	2,414,917	10,357,317	625,377
Receivables, net	750,692	1,060,053	1,810,745	14,900
Due from other governments	2,724,752	-	2,724,752	-
Internal balances	-	-	-	108,509
Prepaid expenses and other assets	-	-	-	39,375
Restricted assets:				
Cash and cash equivalents	-	2,307,306	2,307,306	-
Investments	-	855,569	855,569	-
Capital assets				
Non-depreciable	6,467,055	4,414,405	10,881,460	1,230,748
Net depreciable	28,040,586	23,241,264	51,281,850	6,470,030
Total assets	<u>50,355,959</u>	<u>37,861,578</u>	<u>88,217,537</u>	<u>14,168,557</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits (OPEB) related	1,172,680	297,016	1,469,696	-
Pension related	3,045,468	425,812	3,471,280	16,707
Total deferred outflows of resources	<u>4,218,148</u>	<u>722,828</u>	<u>4,940,976</u>	<u>16,707</u>
LIABILITIES				
Accounts payables and accrued expenses	850,492	469,150	1,319,642	26,568
Retainage payable	44,535	6,902	51,437	-
Claims liability	136,447	-	136,447	-
Unearned revenue	40,472	-	40,472	1,000
Due to other governments	-	-	-	14,477
Liabilities payable from restricted assets	-	419,227	419,227	-
Long term liabilities:				
Bonds, leases and compensated absences:				
Due within one year	293,623	856,836	1,150,459	-
Due in more than one year	160,202	8,830,677	8,990,879	-
Total OPEB liability:				
Due within one year	369,197	76,124	445,321	-
Due in more than one year	10,714,370	2,209,159	12,923,529	-
Net pension liability	15,839,411	2,286,940	18,126,351	161,706
Total liabilities	<u>28,448,749</u>	<u>15,155,015</u>	<u>43,603,764</u>	<u>203,751</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related	449,949	176,103	626,052	-
Pension related	1,190,790	85,060	1,275,850	336
Total deferred inflows of resources	<u>1,640,739</u>	<u>261,163</u>	<u>1,901,902</u>	<u>336</u>
NET POSITION				
Net investment in capital assets	34,507,641	18,032,650	52,540,291	72,141
Restricted for:				
Federal grants	8,696	-	8,696	-
Debt service	-	499,242	499,242	-
Utility system maintenance	-	1,781,372	1,781,372	-
Court services	-	-	-	170,501
Public safety and public works	1,213,692	-	1,213,692	2,587,373
Unrestricted (deficit)	(11,245,410)	2,854,964	(8,390,446)	11,151,162
Total net position	<u>\$ 24,484,619</u>	<u>\$ 23,168,228</u>	<u>\$ 47,652,847</u>	<u>\$ 13,981,177</u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement B

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Units
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,439,967	\$ 1,232,776	\$ 63,398	\$ -	\$ (3,143,793)	\$ -	\$ (3,143,793)	\$ -
Public safety	7,675,847	27,755	510,624	44,450	(7,093,018)	-	(7,093,018)	-
Public works	4,320,672	129,891	33,308	1,481,653	(2,675,820)	-	(2,675,820)	-
Culture and recreation	3,307,482	373,069	45,647	116,700	(2,772,066)	-	(2,772,066)	-
Health and welfare	1,238,352	62,970	1,125,377	-	(50,005)	-	(50,005)	-
Total governmental activities	20,982,320	1,826,461	1,778,354	1,642,803	(15,734,702)	-	(15,734,702)	-
Business-type activities:								
Waterworks	3,247,019	2,668,440	18,406	92,654	-	(467,519)	(467,519)	-
Gas and sewerage	4,053,609	4,415,283	15,498	148,324	-	525,496	525,496	-
Garbage collection	1,489,923	1,517,248	55	-	-	27,380	27,380	-
Total business-type activities	8,790,551	8,600,971	33,959	240,978	-	85,357	85,357	-
Total	\$ 29,772,871	\$ 10,427,432	\$ 1,812,313	\$ 1,883,781	(15,734,702)	85,357	(15,649,345)	-
Component units:								
Court services	\$ 951,262	\$ 162,059	\$ 752,266	\$ -	-	-	-	(36,937)
Public safety	1,446,381	110,000	46,786	-	-	-	-	(1,289,595)
Total component units	\$ 2,397,643	\$ 272,059	\$ 799,052	\$ -	-	-	-	(1,326,532)
General revenues:								
Taxes:								
Ad valorem					1,669,401	-	1,669,401	762,092
Sales					13,566,667	-	13,566,667	-
Franchise taxes					562,062	-	562,062	-
Other taxes					516,770	-	516,770	-
Investment earnings					269,065	139,187	408,252	30,645
Miscellaneous					317,392	129,998	447,390	1,203,759
Total general revenues and transfers					16,901,357	269,185	17,170,542	1,996,496
Change in net position					1,166,655	354,542	1,521,197	669,964
Net position - December 31, 2018					23,317,964	22,813,686	46,131,650	13,311,213
Net position - December 31, 2019					\$ 24,484,619	\$ 23,168,228	\$ 47,652,847	\$ 13,981,177

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CITY OF THIBODAUX
Thibodaux, Louisiana
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

Statement C

	Major Funds			Non-Major	
	01	17	65	Funds	Total
	General Fund	Section 8 Housing	Capital Projects Fund		
ASSETS					
Cash and cash equivalents	\$ 2,644,870	\$ 12,124	\$ 302,802	\$ 1,141,293	\$ 4,101,089
Investments	7,942,400	-	-	-	7,942,400
Receivables, net	357,801	261	-	254,755	612,817
Due from other governments	2,706,704	374	1,688	15,986	2,724,752
Due from other funds	2,480	-	-	-	2,480
Total assets	<u>\$ 13,654,255</u>	<u>\$ 12,759</u>	<u>\$ 304,490</u>	<u>\$ 1,412,034</u>	<u>\$ 15,383,538</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 311,849	\$ 1,341	\$ 152,466	\$ 96,940	\$ 562,596
Accrued salaries and benefits	267,846	2,722	-	835	271,403
Retainage payable	-	-	19,980	24,555	44,535
Due to other funds	-	-	-	2,480	2,480
Total liabilities	<u>579,695</u>	<u>4,063</u>	<u>172,446</u>	<u>124,810</u>	<u>881,014</u>
DEFERRED INFLOWS OF RESOURCES					
Resources recovered prior to time requirements	87,430	-	-	63,279	150,709
Total deferred inflows of resources	<u>87,430</u>	<u>-</u>	<u>-</u>	<u>63,279</u>	<u>150,709</u>
FUND BALANCES					
Restricted for:					
Federal and State grant programs	-	8,696	-	-	8,696
Public safety	-	-	-	749,171	749,171
Public works	-	-	-	464,521	464,521
Committed for:					
Public works	-	-	132,044	-	132,044
Assigned for:					
Public safety	-	-	-	10,253	10,253
Unassigned	12,987,130	-	-	-	12,987,130
Total fund balances	<u>12,987,130</u>	<u>8,696</u>	<u>132,044</u>	<u>1,223,945</u>	<u>14,351,815</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,654,255</u>	<u>\$ 12,759</u>	<u>\$ 304,490</u>	<u>\$ 1,412,034</u>	<u>\$ 15,383,538</u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Statement D

Total fund balance for governmental funds		\$ 14,351,815
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Cost of non-depreciable capital assets	6,467,055	
Cost of depreciable capital assets	68,416,963	
Less: Accumulated depreciation	<u>(40,376,377)</u>	34,507,641
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position		314,320
Ad valorem tax revenues were collected more than sixty days after year-end, and, therefore, are not available soon enough to pay current period expenditures		110,237
Elimination of interfund assets and liabilities		
Due from other funds	2,480	
Due to other funds	<u>(2,480)</u>	-
Long-term liabilities are not due and payable in the current period and therefore are not reported as a fund liability:		
Compensated absences payable:		
Due within one year	(293,623)	
Due in more than one year	<u>(160,202)</u>	(453,825)
Total other postemployment benefits (OPEB) liability:		
Due within one year	(369,197)	
Due in more than one year	<u>(10,714,370)</u>	(11,083,567)
Net pension liability:		
Due in more than one year	(15,839,411)	(15,839,411)
Deferred outflows and inflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows - pension related		3,045,468
Deferred outflows - OPEB related		1,172,680
Deferred inflows - pension related		(1,190,790)
Deferred inflows - OPEB related		<u>(449,949)</u>
Total net position of governmental activities		<u><u>\$ 24,484,619</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement E

	Major Funds			Non-Major	
	01	17	65	Funds	Total
	General Fund	Section 8 Housing	Capital Projects Fund		
REVENUES					
Taxes	\$ 15,172,947	\$ -	\$ -	\$ 1,031,716	\$ 16,204,663
Licenses and permits	1,063,506	-	-	-	1,063,506
Intergovernmental					
Federal government	325,352	1,122,515	78,053	128,631	1,654,551
State government	364,171	-	-	145,891	510,062
Local government	156,450	-	-	-	156,450
Charges for services	502,063	-	-	-	502,063
Fines and forfeitures	151,651	-	-	10,910	162,561
Investment income	259,435	146	1,066	7,218	267,865
Miscellaneous	310,108	53,542	-	6,929	370,579
Total revenues	<u>18,305,683</u>	<u>1,176,203</u>	<u>79,119</u>	<u>1,331,295</u>	<u>20,892,300</u>
EXPENDITURES					
Current:					
General government	3,902,840	-	-	-	3,902,840
Public safety	6,986,161	-	-	19,835	7,005,996
Public works	2,193,936	-	338	305,323	2,499,597
Culture and recreation	2,536,047	-	-	-	2,536,047
Health and welfare	-	1,218,820	-	7,958	1,226,778
Capital outlay	963,115	-	578,131	644,098	2,185,344
Total expenditures	<u>16,582,099</u>	<u>1,218,820</u>	<u>578,469</u>	<u>977,214</u>	<u>19,356,602</u>
Excess (deficiency) of revenues over expenditures	<u>1,723,584</u>	<u>(42,617)</u>	<u>(499,350)</u>	<u>354,081</u>	<u>1,535,698</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from disposal of capital assets	45,144	-	-	-	45,144
Operating transfers in	762,092	40,800	481,000	172,034	1,455,926
Operating transfers out	(923,820)	-	-	(762,092)	(1,685,912)
Total other financing sources (uses)	<u>(116,584)</u>	<u>40,800</u>	<u>481,000</u>	<u>(590,058)</u>	<u>(184,842)</u>
NET CHANGE IN FUND BALANCES	<u>1,607,000</u>	<u>(1,817)</u>	<u>(18,350)</u>	<u>(235,977)</u>	<u>1,350,856</u>
FUND BALANCES					
Fund balances, beginning of year	11,380,130	10,513	150,394	1,459,922	13,000,959
Fund balances, end of year	<u>\$ 12,987,130</u>	<u>\$ 8,696</u>	<u>\$ 132,044</u>	<u>\$ 1,223,945</u>	<u>\$ 14,351,815</u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

		Statement F
Net change in fund balances - governmental funds		\$ 1,350,856
The change in net position reported for governmental activities in the statement of activities is different because		
Recognition of deferral of ad valorem taxes due to collections beyond 60 days		110,237
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay and other capitalized purchases, adjustments and reclassifications	2,988,095	
Depreciation expense, including adjustments and reclassifications	(2,554,569)	
Loss on disposal of capital assets	<u>(5,269)</u>	428,257
The net change in net position of the internal service fund is reported with governmental activities		45,706
Changes in long-term liabilities:		
Change in compensated absences payable	16,079	
Net change in other postemployment benefits and deferred inflows/outflows of resources	(510,236)	
Net change in pension liability and deferred inflows/outflows of resources	<u>(274,244)</u>	<u>(768,401)</u>
Total change in net position of governmental activities		<u><u>\$ 1,166,655</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2019

Statement G

	Business-type Activities - Enterprise Funds				Governmental Activities
	41	43	15		46
	Municipal Waterworks Fund	Municipal Gas and Sewerage System Fund	Garbage Collection Fund	Total	Internal Service Fund
ASSETS					
Current assets					
Cash and cash equivalents	\$ 615,051	\$ 2,440,225	\$ 512,788	\$ 3,568,064	\$ 329,385
Investments	2,414,917	-	-	2,414,917	-
Accounts receivable, net:					
Customers	110,275	217,101	80,775	408,151	-
Unbilled service charges	168,273	342,702	105,892	616,867	-
Accrued interest	12,677	926	-	13,603	-
Other	17,214	4,218	-	21,432	137,875
Total current assets	<u>3,338,407</u>	<u>3,005,172</u>	<u>699,455</u>	<u>7,043,034</u>	<u>467,260</u>
Restricted assets					
Cash and cash equivalents	486,891	1,820,415	-	2,307,306	-
Investments	222,926	632,643	-	855,569	-
Total restricted assets	<u>709,817</u>	<u>2,453,058</u>	<u>-</u>	<u>3,162,875</u>	<u>-</u>
Noncurrent assets					
Capital assets					
Non-depreciable	31,896	4,382,509	-	4,414,405	-
Depreciable	22,515,576	30,681,821	-	53,197,397	-
Accumulated depreciation	(10,333,423)	(19,622,710)	-	(29,956,133)	-
Total capital assets	<u>12,214,049</u>	<u>15,441,620</u>	<u>-</u>	<u>27,655,669</u>	<u>-</u>
Total assets	<u>16,262,273</u>	<u>20,899,850</u>	<u>699,455</u>	<u>37,861,578</u>	<u>467,260</u>
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits related	98,796	198,220	-	297,016	-
Pension related	217,513	208,299	-	425,812	-
Total deferred outflows of resources	<u>316,309</u>	<u>406,519</u>	<u>-</u>	<u>722,828</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Current liabilities payable from current assets:					
Accounts payable and accrued expenses	91,734	210,603	120,402	422,739	16,493
Accrued salaries and benefits	25,085	21,326	-	46,411	-
Claims liability	-	-	-	-	136,447
Retainage payable	-	6,902	-	6,902	-
Capital lease payable within one year	257,015	93,543	-	350,558	-
Compensated absences payable within one year	25,714	17,564	-	43,278	-
Total payable from current assets	<u>399,548</u>	<u>349,938</u>	<u>120,402</u>	<u>869,888</u>	<u>152,940</u>
Current liabilities payable from restricted assets:					
Revenue bonds payable within one year	245,000	218,000	-	463,000	-
Accrued interest on bonds	8,770	12,129	-	20,899	-
Customer meter deposits	251,329	146,999	-	398,328	-
Total payable from restricted assets	<u>505,099</u>	<u>377,128</u>	<u>-</u>	<u>882,227</u>	<u>-</u>
Noncurrent liabilities					
Revenue bonds payable after one year	2,805,276	3,625,128	-	6,430,404	-
Compensated absences payable after one year	27,158	14,957	-	42,115	-
Capital lease payable after one year	1,728,908	629,250	-	2,358,158	-
Net pension liability	1,186,786	1,100,154	-	2,286,940	-
Other postemployment benefits liability:					
OPEB due within one year	22,271	53,853	-	76,124	-
OPEB due after one year	646,308	1,562,851	-	2,209,159	-
Total noncurrent liabilities	<u>6,416,707</u>	<u>6,986,193</u>	<u>-</u>	<u>13,402,900</u>	<u>-</u>
Total liabilities	<u>7,321,354</u>	<u>7,713,259</u>	<u>120,402</u>	<u>15,155,015</u>	<u>152,940</u>
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits related	36,380	139,723	-	176,103	-
Pension related	36,698	48,362	-	85,060	-
Total deferred inflows of resources	<u>73,078</u>	<u>188,085</u>	<u>-</u>	<u>261,163</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	7,169,080	10,863,570	-	18,032,650	-
Restricted for debt service	97,141	402,101	-	499,242	-
Restricted for system maintenance	106,315	1,675,057	-	1,781,372	-
Unrestricted	1,811,614	464,297	579,053	2,854,964	314,320
Total net position	<u>\$ 9,184,150</u>	<u>\$ 13,405,025</u>	<u>\$ 579,053</u>	<u>\$ 23,168,228</u>	<u>\$ 314,320</u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Statement H				
	Business-type Activities - Enterprise Funds				Governmental Activities
	41	43	15		46
	Municipal Waterworks Fund	Municipal Gas and Sewerage System Fund	Garbage Collection Fund	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 2,668,440	\$ 4,415,283	\$ 1,517,248	\$ 8,600,971	\$ -
OPERATING EXPENSES					
Gas purchased	-	1,192,714	-	1,192,714	-
Contractual service	-	-	1,477,919	1,477,919	-
Personal services	978,561	820,961	-	1,799,522	-
Operating supplies	522,859	202,331	7,173	732,363	-
Equipment expenses	145,385	465,781	-	611,166	-
Building expenses	244,446	190,489	-	434,935	-
Outside services	60,558	85,417	-	145,975	-
General operating	230,274	184,990	4,831	420,095	185,480
General administrative	10,274	7,811	-	18,085	-
Depreciation	875,352	841,317	-	1,716,669	-
Total operating expenses	3,067,709	3,991,811	1,489,923	8,549,443	185,480
Operating income (loss)	(399,269)	423,472	27,325	51,528	(185,480)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	78,044	56,565	4,578	139,187	1,200
Other non-operating revenues	83,328	22,987	4,233	110,548	-
Intergovernmental	-	-	55	55	-
Gain on sale or disposal of assets	18,339	1,111	-	19,450	-
Revenues from non-employer contributing entities	18,406	15,498	-	33,904	-
Interest and fiscal charges	(179,310)	(61,798)	-	(241,108)	-
Total non-operating revenues	18,807	34,363	8,866	62,036	1,200
Income (loss) before operating transfers	(380,462)	457,835	36,191	113,564	(184,280)
OPERATING TRANSFERS					
Operating transfers in	-	-	-	-	229,986
Net operating transfers	-	-	-	-	229,986
Income (loss) before capital contributions	(380,462)	457,835	36,191	113,564	45,706
CONTRIBUTIONS					
Capital grants	92,654	148,324	-	240,978	-
CHANGE IN NET POSITION	(287,808)	606,159	36,191	354,542	45,706
NET POSITION					
Beginning of year	9,471,958	12,798,866	542,862	22,813,686	268,614
End of year	\$ 9,184,150	\$ 13,405,025	\$ 579,053	\$ 23,168,228	\$ 314,320

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement I

	Business-type Activities - Enterprise Funds				Governmental Activities
	41	43	15		46
	Municipal Waterworks Fund	Municipal Gas and Sewerage System Fund	Garbage Collection Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 2,715,781	\$ 4,677,615	\$ 1,527,880	\$ 8,921,276	\$ -
Cash payments to suppliers for goods and services	(1,235,604)	(2,411,877)	(1,489,420)	(5,136,901)	(83,859)
Cash payments to employees	(883,754)	(710,383)	-	(1,594,137)	-
Net cash provided by (used in) operating activities	<u>596,423</u>	<u>1,555,355</u>	<u>38,460</u>	<u>2,190,238</u>	<u>(83,859)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating grants received	-	-	55	55	-
Miscellaneous receipts	101,821	37,649	4,233	143,703	(27,293)
Operating transfers in, net	-	-	-	-	229,986
Net cash provided by non-capital financing activities	<u>101,821</u>	<u>37,649</u>	<u>4,288</u>	<u>143,758</u>	<u>202,693</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(416,557)	(374,798)	-	(791,355)	-
Proceeds from sale of capital assets	20,000	4,350	-	24,350	-
Interest and fiscal charges on capital debt	(101,480)	(33,366)	-	(134,846)	-
Interest and fiscal charges on capital lease	(78,520)	(28,578)	-	(107,098)	-
Proceeds received from capital debt	-	177,941	-	177,941	-
Principal paid on capital debt	(240,000)	(211,000)	-	(451,000)	-
Principal paid on capital lease	(248,861)	(90,575)	-	(339,436)	-
Net cash used for capital and related financing activities	<u>(1,065,418)</u>	<u>(556,026)</u>	<u>-</u>	<u>(1,621,444)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	3,825	34,746	4,578	43,149	1,200
Purchase of investments	(1,303,190)	-	-	(1,303,190)	-
Proceeds from sale or maturities of investments	1,314,803	-	-	1,314,803	-
Net cash provided by investing activities	<u>15,438</u>	<u>34,746</u>	<u>4,578</u>	<u>54,762</u>	<u>1,200</u>
Net increase (decrease) in cash	(351,736)	1,071,724	47,326	767,314	120,034
Cash at beginning of year	1,453,678	3,188,916	465,462	5,108,056	209,351
Cash at end of year	<u>\$ 1,101,942</u>	<u>\$ 4,260,640</u>	<u>\$ 512,788</u>	<u>\$ 5,875,370</u>	<u>\$ 329,385</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:					
Current assets-					
Cash and cash equivalents	615,051	2,440,225	512,788	3,568,064	329,385
Restricted cash and cash equivalents	486,891	1,820,415	-	2,307,306	-
Total cash and cash equivalents	<u>\$ 1,101,942</u>	<u>\$ 4,260,640</u>	<u>\$ 512,788</u>	<u>\$ 5,875,370</u>	<u>\$ 329,385</u>

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Statement I				
	Business-type Activities - Enterprise Funds				Governmental Activities
	41	43	15		46
	Municipal Waterworks Fund	Municipal Gas and Sewerage System Fund	Garbage Collection Fund	Total	Internal Service Fund
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Income (loss) from operations	\$ (399,269)	\$ 423,472	\$ 27,325	\$ 51,528	\$ (185,480)
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Depreciation	875,352	841,317	-	1,716,669	-
Bad debt expense	6,861	4,354	4,831	16,046	-
Change in assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable	35,861	254,261	5,801	295,923	-
Accounts payable and accrued expenses	(21,808)	(82,344)	503	(103,649)	(341)
Accrued salaries and benefits payables	(59)	(145)	-	(204)	-
Claims liability	-	-	-	-	101,962
Customer deposits	4,619	3,717	-	8,336	-
Compensated absences payable	5,514	2,671	-	8,185	-
Total other postemployment benefit (OPEB) liability	96,891	118,552	-	215,443	-
Deferred outflows - OPEB related	(97,790)	(195,584)	-	(293,374)	-
Deferred inflows - OPEB related	36,380	139,723	-	176,103	-
Net pension liability	(16,798)	(14,691)	-	(31,489)	-
Deferred outflows - pension related	69,187	58,805	-	127,992	-
Deferred inflows - pension related	1,482	1,247	-	2,729	-
Net cash provided by (used in) operating activities	<u>\$ 596,423</u>	<u>\$ 1,555,355</u>	<u>\$ 38,460</u>	<u>\$ 2,190,238</u>	<u>\$ (83,859)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Gain in fair value of investments	7,758	12,283	-	20,041	-
Loss on disposal of capital assets	(1,661)	(3,239)	-	(4,900)	-
Contributions accrued as capital assets	(92,654)	(148,324)	-	(240,978)	-

The accompanying notes are an integral part of these financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies

The City of Thibodaux, Louisiana (the City) was incorporated under Special Charter effective December 9, 1974. Currently, the City operates under a revised Home Rule Charter effective January 1, 2002. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: general government, public safety, public works, culture and recreation, health and welfare, and utilities.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

a. Financial Reporting Entity

Governmental Accounting Standards Board (GASB), Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the City is a general-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, establishes criteria for determining which component units should be considered part of the Consolidated Government of the City for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit
2. Financial accountability
 - a. The primary government appoints a voting majority of the potential component unit's governing body (and) the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefit/burden relationship between the City and the potential component unit.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

a. Financial Reporting Entity (continued)

4. Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on these criteria, management has determined that the following component units are part of the reporting entity:

City Court of Thibodaux, Louisiana (City Court) – The City Court is fiscally dependent on the City for office space and courtrooms. The City Court Judge and City Marshal are independently elected officials; whose office operations are both accounted for in the City Court's financial statements. The substance of the relationship between City Court and the City is that the City has approval authority over its capital budget. The City Court's fiscal year end is December 31, 2019.

Thibodaux Volunteer Fire Department, Inc. (the Fire Department) – The Fire Department is a separate, independent non-profit corporation. Management of the Fire Department is by a Board of Directors made up of volunteer firemen who have been elected by the membership of various fire companies. After being elected by the fire companies' membership, the board members of the Fire Department are approved by the City Council. The Mayor of the City is an ex-officio member of the Board of Directors of the Fire Department. Fiscal dependency exists since the City provides insurance, utilities and various other expenses. The Fire Department also receives financial support from the City in the form of property taxes assessed at a rate of 6.83 mills. The Fire Department's fiscal year end is November 30, 2019.

Complete separate financial statements for all component units may be obtained online from the Louisiana Legislative Auditor's website: <http://www.la.state.la.us>.

This report includes all funds which are controlled by the City. The City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement.

b. Basis of Presentation

The City's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities. Interfund activity consists of interfund receivables and payables. As a general rule, the effect of interfund activity has been eliminated from both the statement of net position and the statement of activities. The government-wide presentation focuses primarily on the long-term sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxed and other items not properly included among program revenues are reported instead as general revenues. This includes externally dedicated resources such as a restricted property tax.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories.

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and two broad fund categories as follows:

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Fund Financial Statements (continued)

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund – The General Fund is the government’s primary operating fund of the City and is considered to be a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures (other than major capital projects or debt service) for specified purposes. Special Revenue Funds reported the following fund as a major fund:

Section 8 Housing Fund – is a special revenue fund that accounts for the Section 8 Housing Program – a federally funded program that supplements the rental payments of extremely low and very low income families. Rental assistance payments are made to the property owner by the City on behalf of the family. The program is funded by the Department of Housing and Urban Development.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources that are committed, restricted, or assigned to the payment of, general long-term debt principal, interest and related costs on long-term obligations of governmental funds. The City does not have any debt service funds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The Capital Projects Fund reported as a major fund is:

Capital Projects Fund – Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds).

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are combined and presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The Enterprise Funds reported as major funds in the fund financial statements consist of:

The Municipal Waterworks Fund accounts for providing water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Fund Financial Statements (continued)

Proprietary Funds: (continued)

The Municipal Gas & Sewerage System Fund accounts for providing gas and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to; administration, operations, maintenance, financing and related debt service, billing and collection.

The Garbage Collection Fund accounts for operations of the garbage system. Financing is provided by service charges assessed by the City and other fund transfers when necessary. Waste disposal service companies under contract with the City provide collection and disposal services.

Internal Service Fund – the Internal Service Fund accounts for activity that provides goods or services to other funds, departments or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The Internal Service Fund accounts for risk management services, including auto liability, general liability, police liability and public officials' statements. Since the Internal Service Fund is used for City governmental activities, financial statements of the Internal Services Fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

c. Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements (continued)

Governmental funds resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year for all revenues except grants or entitlements on federal or state assistance programs. The availability period for these grant programs is twelve months.

Nonexchange transactions, in which the City receives value without directly giving value in return, includes sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are recognized as revenues in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales tax and gross receipts business tax revenues are recognized when the underlying transaction occurs and meets the availability criteria, as described in the preceding paragraph. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, subject to the availability criteria. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, arbitrage payable, total other postemployment benefit liability, net pension liability and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

d. Budgetary Data

Budget Policies and Budgetary Accounting

Annual budgets are adopted and recorded in the accounting records for all governmental type funds. Annual appropriated budgets are adopted by the City for the following governmental funds: general, special revenue and capital projects. All annual appropriations lapse at year-end.

The City does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

d. Budgetary Data (continued)

Budget Policies and Budgetary Accounting (continued)

Formal budget integration is employed as a management control device during the year. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted to the Mayor and City Council at the first regular meeting of the Council each November prior to the beginning of each fiscal year.
- The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- On or before December 7th of each year, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the City Council.
- The council by ordinance may make supplemental appropriations for the year up to the amount of such excess of estimated revenues in the budget in the same manner required for adoption of the budget.
- The Council may make emergency appropriations to meet a public emergency affecting life, health, property or the public peace.
- Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council.

e. Cash, Cash Equivalents, and Investments

Cash for the primary government includes demand deposit and interest-bearing demand deposit accounts, money markets accounts, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

The investment policies of the City are governed by R.S. 33:2955 and requires all securities to be investment-grade obligations but does not address specific credit quality ratings. The City does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not address credit quality ratings, concentration of credit risk by issuer, or investment maturity limitations. Securities traded in a national or international exchange and are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at an estimated fair value. Realized gains and losses on investments recorded at fair value are included in investment earnings. Interest earnings on the investment pool account are distributed to various funds based on their respective monthly balances. Additional details on authorized investments of City funds are disclosed in Note 6.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

f. Restricted Assets

Certain bond proceeds and debt service sinking funds are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds is limited by applicable bond covenants.

g. Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Accounts receivable in excess of 33 days comprise the allowance for uncollectibles. Uncollectible accounts receivable are written off every 6 months.

Uncollectible receivables due for ad valorem taxes and other governmental activities are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

An allowance based upon past experience has been established for business type activities for customers' utility billings and garbage fees. Uncollectible amounts due for ad valorem taxes, special assessments, and other receivables are recognized as bad debts every 6 months which would indicate the uncollectibility of the particular receivables.

h. Interfund Receivables and Payables

Short-term cash borrowing between funds are considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

i. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the GWFS, which include land, buildings and improvements, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems). Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual costs as follows:

Threshold for Capitalization	Dollar Amount
Land	\$1
Land improvements	\$25,000
Buildings & improvements	\$50,000
Furnishing & equipment	\$5,000
Vehicles	\$5,000
Infrastructure	\$250,000

Useful lives of assets are determined as follows:

Type of Asset	Years
Buildings & improvements	10-50
Plant & distribution systems	5-50
Land improvements	10-20
Furnishings & equipment	5-20
Vehicles	5
Infrastructure	20-30

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

i. Capital Assets (continued)

All infrastructure assets purchases are recorded at historical cost as capital assets and depreciated accordingly. All donated infrastructure accepted into the City's maintenance program are capitalized and depreciated in accordance with the above capitalization policy.

The cost of a capital asset includes ancillary charges necessary to place the asset into its intended locations and condition for use. Those costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized over the remaining useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects at completion of construction.

At this point the project costs are moved out of construction-in-progress and capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed. The City did not capitalize any interest costs during the period.

j. Compensated Absences

Under the terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Employees of the City may accumulate and vest up to a maximum of 21 days of vacation time. Employees are not limited in the accumulation of sick leave. However, as of August 1, 1995, only the sick leave of employees eligible for retirement shall vest. The calculation of accrued sick leave that is payable is based on the number of service years for that employee. The amount of sick leave that an employee is eligible for is their accumulated sick leave balance times a percentage based on the number of years of service up to a predetermined maximum balance that is also based on the number of years of service.

Accumulated unpaid vacation and sick pay is accrued and charged to operations in the GWFS when incurred. Sick pay is charged to the FFS when paid. In the GWFS and the proprietary fund type statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis.

k. Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to recognize net OPEB liabilities directly in the financial statements, as a means of more effectively disclosing exactly what these benefits are meant to provide.

In the GWFS and the proprietary fund type statements, the other postemployment benefits liability is recorded as an expense, allocated on a functional basis, and long-term obligation.

In the governmental fund type financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable of the end of the year.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

l. Long-Term Liabilities

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expenses in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net or gross of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial reporting period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts are normally provided by transfers from the General Fund to a debt service fund. However, if a debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

m. Pension Plans

The City is a participating employer in three cost-sharing, multiple-employer defined benefit pension plans as described in Note 12. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

n. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The primary government's deferred outflows of resources and deferred inflows of resources on the statement of net position are a result of deferrals concerning pensions and other postemployment benefits.

Note 12 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Note 13 presents detailed information concerning the amounts related to other postemployment benefits, reported in the deferred inflows and deferred outflows sections of the statement of net position.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

o. Net Position / Fund Balance Classifications

Government-Wide Statements

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use for a particular project or purpose, it's the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Non-spendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted – represents balances where constraints have been established by parties outside the City or imposed by law through constitutional provisions or enabling legislation.
- c. Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority.
- d. Assigned – represents balances that are constrained by the City's intent to be used for specific purposes, but are not restricted nor committed.
- e. Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the City reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the City reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Summary of Significant Accounting Policies (continued)

p. Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, where repayment is expected, the advances are accounted for through the various due from and due to accounts. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

q. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

r. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, business interruption, errors and omissions; employee injuries and illnesses, natural disasters; and employee health benefits. The City carries commercial insurance for all risks of loss.

The City maintains a limited risk management program in the Internal Service Fund for auto, general, police and public officials' liability claims. The City is self-insured for the first \$100,000 for each claim and purchases commercial coverage for excess losses. The City is named as a defendant in various legal claims arising the ordinary course of operations. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated up to \$100,000 per claim.

s. Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for City issues at December 31, 2019.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

2. Ad Valorem Taxes

Ad valorem taxes are levied each November on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the City. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by LA law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable on the day they are levied with the interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is June 11, 2019 (the lien date). Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2019 levy was based, was \$114,713,920.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%, and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of Lafourche Parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47: 1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

Under Article VI, Section 27 of the Louisiana Constitution, municipalities are granted the authority to levy an ad valorem tax for general purposes not to exceed 7 mills. Any additional millage must be approved by the voters. This general purpose millage is subject to adjustment after reassessment to assure that the same amount of revenue is produced. The combined tax rate to finance general governmental services for the year ended December 31, 2019, was 5.02 mills.

Additionally, millages were authorized and levied for 2.74 mills for special improvements of streets and 6.83 mills for fire department special improvements.

3. Sales Taxes

2.0% EFFECTIVE MARCH 1, 1981

A sales and use tax of one (1%) per cent created by Ordinance No. 667 by a special election held on May 2, 1967 went into effect on May 9, 1967, authorized the levying of a sales and use tax within the City of Thibodaux; and an additional tax of one (1%) per cent by Ordinance No. 1127 by virtue of a special election held on January 17, 1981 made effective on March 1, 1981. Such proceeds may be used for paying principal and interest on any bonded debt or funded indebtedness; constructing and acquiring extensions and improvements to the sewer and waterworks systems; constructing and improving streets, sidewalks, bridges, drains, drainage canals, subsurface drainage and parkway beautification; constructing and acquiring garbage incinerator facilities and purchasing garbage disposal and health sanitation equipment and facilities; purchasing constructing and improving public parks and recreational facilities and acquiring any necessary equipment and furnishings therefore; constructing and purchasing police department equipment and facilities; constructing and improving public buildings; purchasing equipment for civil defense; constructing, acquiring or improving any work or permanent public improvement; purchasing and acquiring all sites, equipment and furnishings for the public works, building improvements facilities of the City, and for the purpose of paying salaries of employees and the general operation of the City. The tax shall remain in effect without limit as to term or duration.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

3. Sales Taxes (continued)

0.5% EFFECTIVE JULY 1, 2016

The City was authorized by a special election on March 5, 2016 to levy and collect a tax of one half of one percent (.05%) in perpetuity, from and after July 1, 2016, so that such proceeds may be used for providing municipal services including, but not limited to, constructing, acquiring, improving, extending, maintaining or operating public roads, public safety, parks and recreational facilities and other public improvements and facilities of the City. The tax shall remain in effect without limit as to term or duration.

4. Equity in Pooled Cash and Deposits

Equity in Pooled Cash

The City maintains cash pools that are available for use by various funds. Positive book cash balances are displayed on the combined balance sheet as "Cash and cash equivalents." Negative book cash balances are included in "Due to other funds" on the combined balance sheet.

At December 31, 2019, the City had cash (book balances) totaling \$10,305,844. Included in cash and cash equivalents on the balance sheet at December 31, 2019, are the following:

Cash on hand	\$ 4,100
Demand deposits	7,994,438
Total unrestricted cash	<u>7,998,788</u>
Restricted cash	2,307,306
Total cash and cash equivalents	<u>\$ 10,305,844</u>

Restricted cash consists of \$45,684 restricted for customer meter deposits and \$2,261,622 restricted to meet requirements of bond covenants.

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2019, the City's bank balance totaled \$10,738,369. Of this balance, \$278,041 was insured by federal deposit insurance and \$10,460,328 was collateralized by securities held by the pledging financial institutions' trust department or agent but not in the City's name.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

5. Investments

As of December 31, 2019, the City had the following investments and maturities:

Investment Type	Fair Value	INVESTMENT MATURITIES (IN YEARS)	
		< 1 year	1-5
Investments at fair value			
Mortgage-backed Securities	\$ 4,963,322	\$ 1,811,950	\$ 3,151,372
Investments measured at the net asset value (NAV)			
Louisiana Asset Management Pool (LAMP)	5,151,362	5,151,362	-
Federated Government Obligations Fund	1,098,202	1,098,202	-
Total investments measured at NAV	6,249,564	6,249,564	-
Total investments	<u>\$ 11,212,886</u>	<u>\$ 8,061,514</u>	<u>\$ 3,151,372</u>

Included in investments on the balance sheet at December 31, 2019, are the following:

Investments	\$ 10,357,317
Restricted investments	855,569
Total investments	<u>\$ 11,212,886</u>

Interest Rate Risk – The City’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Under Louisiana R.S. 33:2955, as amended, the City may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The City’s investment policy does not further limit its investment choices.

As of December 31, 2019, the City had the following percentages of investments in debt securities:

FHLB (Federal Home Loan Bank)	AAA	40.60%
FFCB (Federal Farm Credit Bank)	AAA	59.40%

Concentration of Credit Risk - The City’s investment policy does not limit the amount the City may invest in any one issuer.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. At December 31, 2019, investments of \$5,151,362 are in LAMP.

Credit Risk: LAMP is rated AAAM by Standard & Poor’s.

Custodial Credit Risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City’s investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

5. Investments (continued)

Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM of LAMP's total investments is 46 days as of December 31, 2019.

Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The Federated Government Obligations Fund (the fund) is a 2a-7 like investment pool. The primary objective of the Fund is to provide a safe environment for the placement of public funds in short-term, high quality investments. At December 31, 2019, investments of \$1,098,202 are in the Fund.

Credit Risk: The Fund is rated AAAM by Standard & Poor's.

Custodial Credit Risk: The Fund's participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest Rate Risk: The Fund is designed to be highly liquid to give its participants immediate access to their account balances. The Fund prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of the Fund assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM of Fund's total investments is 39 days as of December 31, 2019.

Foreign Currency Risk: Not applicable.

The investments in the Fund are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by the Fund and the value of the position in the external investment pools is the same as the value of the pool shares.

The Fund is subject to the regulatory oversight of the Securities and Exchange Commission.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

6. Fair Value of Financial Instruments

Fair Value Hierarchy

In accordance with this guidance, the City groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2- Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value required significant management judgment or estimation.

The following methods and assumptions were used by the City in estimating fair value disclosures for financial instruments:

Securities: Where quoted prices are available in an active market, we classify the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models and discounted cash flows that consider input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE (Government sponsored enterprises) obligations, (such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank), corporate bonds and other securities. Mortgage backed securities are included in level 2 if observable inputs are available. In certain cases, where there is limited activity or less transparency around inputs to the valuation, we classify those securities in level 3.

The City's mortgaged-backed securities, in the amount of \$4,963,322, are level 2 investments based on the fair value hierarchy describe above.

Fair Value of Assets Measured on a Recurring Basis

The City's securities are measured on a recurring basis through a model used by its investment custodian. Prices are derived from a model which uses actively quoted rates, prepayment models and other underlying credit and collateral data.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

7. Receivables

The following is a summary of accounts receivable at December 31, 2019:

Class of Receivable	Governmental Activities	Business-Type Activities
Charges for services		
Water	\$ -	\$ 284,549
Sewerage & Gas	-	570,800
Garbage	-	189,667
Ad valorem taxes		
General	147,425	-
Non-major	254,505	-
Franchise fees		
General	161,500	-
Claims in excess of SIR		
Internal Service Fund	137,875	-
Other	49,387	35,035
Total receivables	750,692	1,080,051
Less: allowance for doubtful accounts	-	(19,998)
Receivables, net	<u>\$ 750,692</u>	<u>\$ 1,060,053</u>

8. Due from Other Governments

Amounts due from other governments at December 31, 2019 consist of the following:

	General Fund	Section 8 Housing	Capital Projects	Non-major Special Revenue Funds	Total
Lafourche Parish Sales and Use Tax Authority	\$ 2,545,323	\$ -	\$ -	\$ -	\$ 2,545,323
Lafourche Parish Transportation	-	-	-	11,667	11,667
Houma Police Department	9,155	-	-	-	9,155
Beer Taxes from the State of Louisiana	7,784	-	-	-	7,784
Video Poker from the State of Louisiana	42,440	-	-	-	42,440
State Highway Safety Commission	21,646	-	-	-	21,646
City of Thibodaux City Court Fund	15,303	-	-	-	15,303
Housing Authority	65,053	-	-	-	65,053
Other	-	374	1,688	4,319	6,381
	<u>\$ 2,706,704</u>	<u>\$ 374</u>	<u>\$ 1,688</u>	<u>\$ 15,986</u>	<u>\$ 2,724,752</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

9. Franchise Fee Revenues and Receivables

Electric

On October 21, 2003, the City entered into an agreement with Entergy, that granted, by ordinance, to Entergy a franchise, right, and privilege for a period of thirty-three (33) years from the date of adoption to distribute, deliver, sell and supply, in such a manner as it chooses, electric service throughout the City. The City is to receive a sum of two percent (2%) of the gross receipts from the sale of electric service at retail for residential and commercial purposes within the corporate limits of the City. The City earned and reported in the General Fund \$298,887 of franchise fee revenue for the year ended December 31, 2019.

Telephone

On August 21, 1998, the City granted to BellSouth Telecommunications, Inc. (currently AT&T) a franchise to use and occupy the streets, alleys, public ways and thoroughfares of the City for the purpose of constructing, maintaining and operating its poles, wires, conduits, cables, anchors, towers, transmission lines, manholes, piers, abutments and other structures and facilities used in or incidental to the provisions of telephone or telegraph services to the public. In consideration, AT&T agrees to pay five percent (5%) of the gross receipts from local exchange telephone service provided within the corporate limits. The agreement is on a year-to-year basis unless canceled by either party upon at least sixty days' notice prior to the expiration of the initial term or any extension thereof. The City earned and reported in the General Fund \$79,205 of telephone franchise fee revenue for the year ended December 31, 2019.

Cable TV

On June 18, 2004, the City granted to Renaissance Media L.L.C. doing business as Charter Communications, a new franchise to supply cable service within the city limits for 15 years. On June 24, 2019, this agreement was renewed for an additional 15 years. The City receives five percent (5%) of revenues received from subscribers in the City as franchise fee for television service, not including installation revenues. The City earned and reported in the General Fund \$155,010 of Cable TV franchise fee revenue for the year ended December 31, 2019.

Wireless Phone

The City collects fees from various wireless phone carriers. On May 23, 2014, the City entered into a lease for a perpetual easement and a grant of servitude for two pieces of property in the City limits. The City will be compensated for granting the servitude for the use of a portion of the properties and a perpetual right-of-way for ingress and egress, with the right to install, replace and maintain utility wires, poles, cables, conduits, and pipes. The lease further grants and assigns a non-exclusive construction and maintenance servitude over any portion of the property for any construction, repair, maintenance, replacement, demolition and removal.

The perpetual servitudes can be terminated by written notice within a reasonable time to be able to remove its building(s), tower and above ground property and restore the surface to its original condition, reasonable, wear and tear excepted. Wireless Tower revenue recorded for RTC was \$15,626, Eatel was \$134, and AT&T was \$13,200, totaling \$28,960 for the year ending December 31, 2019.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

10. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2019, are as follows:

Governmental Activities:

	Balance 12/31/2018	Additions	Deletions	Transfers	Balance 12/31/2019
Land	\$ 4,313,616	\$ 82,511	\$ -	\$ -	\$ 4,396,127
Construction in progress	747,740	1,488,342	-	(165,154)	2,070,928
Capital assets, non-depreciable	<u>5,061,356</u>	<u>1,570,853</u>	<u>-</u>	<u>(165,154)</u>	<u>6,467,055</u>
Infrastructure	46,405,235	924,391	-	165,154	47,494,780
Buildings & improvements	14,084,939	49,460	-	-	14,134,399
Equipment & furniture	6,623,409	443,391	(279,016)	-	6,787,784
Capital assets, depreciable	<u>67,113,583</u>	<u>1,417,242</u>	<u>(279,016)</u>	<u>165,154</u>	<u>68,416,963</u>
Total cost of capital assets	<u>72,174,939</u>	<u>2,988,095</u>	<u>(279,016)</u>	<u>-</u>	<u>74,884,018</u>
Less: Accumulated depreciation					
Infrastructure	(22,710,758)	(1,652,317)	-	-	(24,363,075)
Buildings & improvements	(10,374,077)	(534,364)	-	-	(10,908,441)
Equipment & furniture	(5,010,720)	(367,888)	273,747	-	(5,104,861)
Total accumulated depreciation	<u>(38,095,555)</u>	<u>(2,554,569)</u>	<u>273,747</u>	<u>-</u>	<u>(40,376,377)</u>
Net depreciable capital assets	<u>29,018,028</u>	<u>(1,137,327)</u>	<u>(5,269)</u>	<u>165,154</u>	<u>28,040,586</u>
Net capital assets	<u>\$ 34,079,384</u>	<u>\$ 433,526</u>	<u>\$ (5,269)</u>	<u>\$ -</u>	<u>\$ 34,507,641</u>

For the year ended December 31, 2019, governmental activities depreciation expense of \$2,554,569 was charged to the following functions:

General Government	\$ 221,920
Public Safety	179,785
Public Works	1,555,621
Culture & Recreation	597,243
	<u>\$ 2,554,569</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

10. Capital Assets (continued)

Business-Type Activities:

	Balance 12/31/2018	Additions	Deletions	Transfers	Balance 12/31/2019
Land	\$ 403,334	\$ -	\$ -	\$ -	\$ 403,334
Construction in progress	3,681,733	329,338	-	-	4,011,071
Capital assets non-depreciable	<u>4,085,067</u>	<u>329,338</u>	<u>-</u>	<u>-</u>	<u>4,414,405</u>
Water production & distribution	22,066,473	509,211	(60,108)	-	22,515,576
Sewerage system plant & equipment	21,576,626	176,210	(38,750)	-	21,714,086
Gas distribution system	8,964,958	17,574	(14,797)	-	8,967,735
Capital assets depreciable	<u>52,608,057</u>	<u>702,995</u>	<u>(113,655)</u>	<u>-</u>	<u>53,197,397</u>
Total cost of capital assets	<u>56,693,124</u>	<u>1,032,333</u>	<u>(113,655)</u>	<u>-</u>	<u>57,611,802</u>
Less: Accumulated depreciation					
Water production & distribution	(9,516,518)	(875,352)	58,447	-	(10,333,423)
Sewerage system plant & equipment	(12,120,828)	(580,893)	35,511	-	(12,666,210)
Gas distribution system	(6,710,873)	(260,424)	14,797	-	(6,956,500)
Total accumulated depreciation	<u>(28,348,219)</u>	<u>(1,716,669)</u>	<u>108,755</u>	<u>-</u>	<u>(29,956,133)</u>
Net depreciable capital assets	<u>24,259,838</u>	<u>(1,013,674)</u>	<u>(4,900)</u>	<u>-</u>	<u>23,241,264</u>
Net capital assets	<u>\$ 28,344,905</u>	<u>\$ (684,336)</u>	<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 27,655,669</u>

For the year ended December 31, 2019, business-type activities depreciation expense of \$1,716,669 was charged to the following functions:

Waterworks	\$ 875,352
Sewerage System	580,893
Gas System	260,424
	<u>\$ 1,716,669</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plans

The City is a participating employer in three cost-sharing defined benefit pension plans. These plans are administered by three public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System of Louisiana (MPERS), and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:
7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:
7937 Office Park Boulevard, Suite 200
Baton Rouge, Louisiana 70809
(225) 929-7411
www.lmapers.org

LASERS
8401 United Plaza Blvd.
P.O. Box 44213
Baton Rouge, Louisiana
70809-4213
(225) 925-0185
www.lasersonline.org

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

MERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

MPERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Louisiana State Employees' Retirement System (LASERS)

LASERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of credible service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plans (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2019, for the City and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	27.75%	9.50%
Members hired after 01/01/2013	27.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	32.50%	10.00%
Non-hazardous Duty (hired after 01/01/2013)	32.50%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.00%	7.50%
Louisiana State Employees' Retirement System	42.40%	11.50%

The contributions made to the Systems for the past three fiscal years were as follows:

	2019	2018	2017
Municipal Employees' Retirement System Plan A	\$ 1,248,064	\$ 1,180,078	\$ 1,161,971
Municipal Police Employees' Retirement System	849,499	840,071	817,775
Louisiana State Employees' Retirement System	16,629	15,844	14,516

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2019 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at December 31, 2019	Rate at December 31, 2019	Increase (Decrease) on December 31, 2018 Rate
Governmental Activities:			
Municipal Employees' Retirement System Plan A	\$ 8,169,143	2.5023%	(0.0574%)
Municipal Police Employees' Retirement System	7,528,992	0.8290%	(0.0936%)
Louisiana State Employees' Retirement System	141,276	0.0020%	(0.0002%)
	<u>\$ 15,839,411</u>		
Business-type Activities:			
Municipal Employees' Retirement System Plan A	\$ 2,286,940	2.5023%	(0.0574%)
Municipal Police Employees' Retirement System	-		
Louisiana State Employees' Retirement System	-		
	<u>\$ 2,286,940</u>		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended December 31, 2019:

Municipal Employees' Retirement System Plan A	\$ 1,906,589
Municipal Police Employees' Retirement System	930,724
Louisiana State Employees Retirement System	12,240
	<u>\$ 2,849,553</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,661	\$ (487,044)
Changes of assumptions	687,359	-
Net difference between projected and actual earnings on pension plan investments	1,531,050	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	163,800	(788,806)
Employer contributions subsequent to the measurement date	1,072,410	-
Total	<u>\$ 3,471,280</u>	<u>\$ (1,275,850)</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan A	\$ 1,941,125	\$ (390,252)
Municipal Police Employees' Retirement System	1,514,644	(885,137)
Louisiana State Employees' Retirement System	15,511	(461)
	<u>\$ 3,471,280</u>	<u>\$ (1,275,850)</u>

The City reported a total of \$1,072,410 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2020. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 638,332
Municipal Police Employees' Retirement System	425,526
Louisiana State Employees' Retirement System	8,552
	<u>\$ 1,072,410</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	MERS	MPERS	LASERS	Total
2020	\$ 518,827	\$ 205,694	\$ 4,742	\$ 729,263
2021	174,225	(122,844)	(1,419)	49,962
2022	132,431	(988)	1,344	132,787
2023	87,058	122,119	1,831	211,008
	<u>\$ 912,541</u>	<u>\$ 203,981</u>	<u>\$ 6,498</u>	<u>\$ 1,123,020</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of December 31, 2019 are as follows:

	MERS	MPERS	LASERS
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Expected Remaining Service Lives	3 years	4 years	2 years
Investment Rate of Return	7.00%	7.125%	7.60% per annum
Inflation Rate	2.500%	2.500%	2.500% per annum

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

Mortality	<p>For annuitant and beneficiary mortality tables used were: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disabled annuitants, PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.</p>	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	<p>For non-disabled members - Mortality rates for 2019 were based on the RP-2014 Health Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. For disabled members - mortality rates were based on the RP - 2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Salary Increases	<p>1 – 4 years of service – 6.4% >4 years of service – 4.5%</p>	<p>Varies from 9.75% in the first two years of service to 4.25% after 23 years</p>	<p>Vary from 2.8% - 5.3% for judges</p>
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.</p>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

The following schedule lists the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS	MPERS	LASERS
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2019.	The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75 % and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.89% for the year ended June 30, 2019.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 9.0% for the year ended June 30, 2019.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

	Target Allocation			Long-term Expected Real Rate of Return		
	MERS	MPERS	LASERS	MERS	MPERS	LASERS
Cash	-	-	-	-	-	0.24%
Public equity	50.0%	-	-	2.15%	-	-
Equity	-	48.5%	-	-	3.28%	-
U.S. Equity	-	-	23.0%	-	-	4.83%
Non-U.S. Equity	-	-	32.0%	-	-	5.83%
Public fixed income	35.0%	-	-	1.51%	-	-
Fixed income	-	33.5%	16.0%	-	0.80%	7.28%
Alternatives	15.0%	18.0%	22.0%	0.64%	1.06%	8.32%
Risk Parity	-	-	7.0%	-	-	5.06%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>4.30%</u>	<u>5.14%</u>	<u>6.09%</u>
Inflation				<u>2.70%</u>	<u>2.75%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return				<u>7.00%</u>	<u>7.89%</u>	<u>9.00%</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

11. Pension and Retirement Plans (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS, MPERS, and LASERS was 7.000%, 7.125% and 7.600%, respectively for the year ended June 30, 2019.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<u>MERS</u>			
Rates	6.000%	7.000%	8.000%
City of Thibodaux's Share of NPL	\$ 13,632,859	\$ 10,456,083	\$ 7,770,214
<u>MPERS</u>			
Rates	6.125%	7.125%	8.125%
City of Thibodaux's Share of NPL	\$ 10,490,364	\$ 7,528,992	\$ 5,044,693
<u>LASERS</u>			
Rates	6.600%	7.600%	8.600%
City of Thibodaux's Share of NPL	\$ 178,308	\$ 141,276	\$ 109,996

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

The City recognized revenue as a result of support received from non-employer contributing entities of:

MERS	\$ 160,572
MPERS	170,674
	<u>\$ 331,246</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

12. Postemployment Health Care Benefits

General Information about the Other Postemployment Benefit (OPEB) Plan

Plan description – The City administers a single employer defined benefit health care plan (the Plan). The Plan provides medical, dental, and life insurance premiums for retired employees as approved by the City Council. The City will fund the entire premium for all employees retiring with at least twenty-five years of service provided to the City. A retired employee may provide dependent hospitalization coverage if they had dependent coverage at the time of retirement at the applicable dependent coverage rate. The City will continue payment of premium benefits for retired employees on a pro-rates basis beginning with 40% of premiums paid after completing 10 years or 120 months of service.

The percentage of premium paid benefit will increase by 4% for each additional year or 12-month period of service through 25 years or 300 months of service when 100% of premiums shall be paid. The City does not issue a public available financial report on the plan.

Benefits Provided – The City pays for a portion of the retiree's medical, dental, and life coverage based on the years of service with the City. The retiree can elect to cover his or her spouse and dependents but must pay the entire premium for their coverage. Upon the death of the retiree, the spouse and dependent children can no longer continue coverage. To be eligible to continue coverage after retirement, an employee must meet the eligibility requirements under MERS or LASERS and have completed a minimum of ten years of service with the City.

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>189</u>
	<u>241</u>

Total OPEB Liability

The City's total OPEB liability of \$13,368,850 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and other inputs – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2019
Actuarial Valuation Date	January 1, 2018
Inflation	3.0%
Salary increases	2.0%, including inflation
Prior Discount rate	3.71%
Discount rate	2.75%

The discount rate was based on the Fidelity General Obligation AA 20-Year Yield as of December 31, 2019, the end of the applicable measurement period.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

12. Postemployment Health Care Benefits (continued)

Total OPEB Liability (continued)

Mortality rates for active employees were based on PubG. H-2010 (general employees) and PubS. H-2010 (public safety) Employee Mortality Table, Generational with Projection Scale MP-2019. Mortality rates for retirees were based on PubG. H-2010 (general employees) and PubS. H-2010 (public safety) Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$ 11,937,804
Changes for the year:	
Service cost	372,758
Interest	448,855
Differences between expected and actual experience	(782,565)
Changes in assumptions	1,816,112
Benefit payments and net transfers	(424,114)
Net changes	<u>1,431,046</u>
Balance at December 31, 2019	<u>\$ 13,368,850</u>

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	<u>1.0% Decrease</u>	<u>Current Discount</u>	<u>1.0% Increase</u>
Total OPEB liability	<u>\$ 15,960,570</u>	<u>\$ 13,368,850</u>	<u>\$ 11,335,577</u>

	<u>1.0% Decrease</u>	<u>Current Trend</u>	<u>1.0% Increase</u>
Total OPEB liability	<u>\$ 10,922,192</u>	<u>\$ 13,368,850</u>	<u>\$ 16,634,657</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$1,032,524. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,806	\$ (626,052)
Changes in assumptions	1,452,890	-
Total	<u>\$ 1,469,696</u>	<u>\$ (626,052)</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

12. Postemployment Health Care Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	
2020	\$ 210,911
2021	210,911
2022	210,911
2023	210,911
	<u>\$ 843,644</u>

13. Long-Term Liabilities

The following is a summary of long-term debt transactions for the year ended December 31, 2019:

	Payable 12/31/2018	Additions	Deletions	Payable 12/31/2019	Amount Due within one year
<u>Governmental activities:</u>					
Compensated absences	\$ 469,904	\$ 418,360	\$ (434,439)	\$ 453,825	\$ 293,623
Total	\$ 469,904	\$ 418,360	\$ (434,439)	\$ 453,825	\$ 293,623
<u>Business-type activities:</u>					
Water Revenue Bonds, Series 2010B	\$ 3,290,276	\$ -	\$ (240,000)	\$ 3,050,276	\$ 245,000
Utility Revenue Bonds, Series 2013	3,876,186	83,946	(211,000)	3,749,132	218,000
Utility Revenue Bonds, Series 2019	-	93,996	-	93,996	-
Compensated absences	77,208	70,931	(62,746)	85,393	43,278
Lease obligations	3,048,152	-	(339,436)	2,708,716	350,558
Total	\$ 10,291,822	\$ 248,873	\$ (853,183)	\$ 9,687,513	\$ 856,836

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13. Long-Term Liabilities (continued)

CAPITAL LEASE OBLIGATIONS

The City has acquired equipment under the provisions of long-term leases. The equipment necessary to implement a new metering system for gas and water services in the City was financed at a cost of \$3,682,484. The balance owed on the leased equipment is \$2,708,716 at December 31, 2019. Payments are due semi-annually in April and October of each year bearing interest at 3.25 percent per annum with payment in full in April 2026. The annual lease requirements are as follows:

<i>Year Ending December 31</i>	Principal payments	Interest payments	Total Principal and interest payments
2020	\$ 350,558	\$ 85,208	\$ 435,766
2021	362,044	73,722	435,766
2022	373,906	61,860	435,766
2023	386,156	49,610	435,766
2024	398,808	36,958	435,766
2025-2029	837,244	34,287	871,531
Total	<u>\$ 2,708,716</u>	<u>\$ 341,645</u>	<u>\$ 3,050,361</u>

As of December 31, 2019, accumulated amortization is \$558,644 which includes current year amortization in the amount of \$372,430 for assets under lease obligations. Amortization of \$271,825 and \$100,604 was charged to the waterworks and gas and sewerage functions, respectively.

DEBT OBLIGATIONS

Debt at December 31, 2019 is comprised of the following individual issues:

Revenue bonds:

Water Revenue Bonds, Series 2010B

\$5,400,000 water revenue bonds dated February 8, 2010 were issued for the purpose of constructing and acquiring improvements and extensions to the City's waterworks system. Principal is payable annually at June 1 with interest payable June 1 and December 1 at the rate of 2.95 percent per annum. The bonds mature on June 1, 2030. The outstanding note is secured by a pledge of the income and revenues to be derived from the operation of the Waterworks System.

\$ 3,050,276

Utility Revenue Bonds, Series 2013

\$8,640,000 utility revenue bonds in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) in parity with the Series 1997 Bonds to construct sewerage improvements constituting the wastewater treatment project. The loan and pledge agreement is dated October 1, 2013. DEQ is holding the bonds as payment for the loan. The bonds shall mature in twenty installments of principal, payable annually on March 1, which commenced March 1, 2016. Interest is payable on March 1 and September 1 of each year at the rate of 0.45 percent per annum. The outstanding note is secured by a pledge of the income and revenues to be derived from the operation of the Sewerage and the Gas Systems.

3,749,132

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

Utility Revenue Bonds, Series 2019

\$6,510,000 utility revenue bonds in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) in parity with the Series 2013 Bonds to upgrade the water treatment plant. The loan and pledge agreement is dated September 1, 2019. DEQ is holding the bonds as payment for the loan. The bonds shall mature in twenty installments of principal, payable annually on March 1, commencing March 1, 2021. Interest is payable on March 1 and September 1 of each year at the rate of 0.45 percent per annum, commencing March 1, 2020. The outstanding note is secured by a pledge of the income and revenues of the combined wastewater treatment and disposal system and natural gas distribution system.

	93,996
	\$ 6,893,404

The annual requirements to amortize all debt outstanding as of December 31, 2019 is as follows:

<i>Year Ending</i> <i>December 31</i>	Water Revenue Bonds, Series 2010B	Utility Revenue Bonds, Series 2013	Utility Revenue Bonds, Series 2019
	<i>Principal payments</i>		
2020	\$ 245,000	\$ 218,000	\$ -
2021	251,000	435,000	93,996
2022	257,000	439,000	-
2023	264,000	443,000	-
2024	270,000	447,000	-
2025-2029	1,451,000	1,767,132	-
2030-2034	312,276	-	-
Total Principal	3,050,276	3,749,132	93,996
	<i>Interest payments</i>		
2020	86,369	16,381	393
2021	79,053	14,911	211
2022	71,560	12,945	-
2023	63,876	10,961	-
2024	55,999	8,958	-
2025-2029	155,078	15,570	-
2030-2034	4,606	-	-
Total Interest	516,541	79,726	604
Total Principal and Interest	\$ 3,566,817	\$ 3,828,858	\$ 94,600

For the year ended December 31, 2019, business-type activities interest expense of \$144,779 was charged to the following functions:

Waterworks	\$ 108,685
Sewerage System	36,094
	\$ 144,779

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

In accordance with the indenture governing the 2010B Water Revenue Bonds, all revenues must be deposited in the Revenue Fund and required transfers made to the following funds on a monthly basis after the payment of reasonable operating expenses and maintaining the system:

- The “Water Revenue Bond Debt Service Fund” requires the issuer to make monthly deposits into the Debt Service Fund in such a manner as to accumulate in such fund the amounts payable on the bonds payable therefrom on any interest payment date. All other amounts deposited in the Debt Service Fund will be depleted at least once each bond year, except for the reasonable carryover amount which will not exceed the greater of (i) the earnings on the Debt Service Fund for the immediately preceding bond year, or (ii) 1/12 of the principal and interest payments on the bonds and any additional parity bonds for the immediately preceding bond year.
- The “Water Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, 20% of the amount required to be paid into the Sinking Fund for such month as a result of the issuance of the bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Water System Depreciation and Contingency Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month, provided that such sum is available after the provision is made for any certain required payments as set forth in the bond ordinance. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$100,000.

In accordance with the indenture governing the 2013 Utility Revenue Bonds, all income and revenues must be deposited in the Utilities System Fund and required transfers made to the following funds on a monthly basis after the payment of all reasonable and necessary operating expenses and maintaining the system:

- The “Utilities Revenue Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Series 1997 Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from funds in the Utility System Fund monthly on or before the 20th day of each month of each year, a sum equal one-sixth of the interest and administrative fee falling due on the next interest payment date and a sum equal to one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal, interest, and administrative fee as the same respectively become due.
- The “Utilities Revenue Bond Reserve Fund” requires that the issuer shall transfer from the Utility System Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 25% of the highest combined principal and interest requirements for any succeeding bond year on the Bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Capital Additions and Contingencies Fund” requires that the issuer shall transfer from the Utility System Fund, monthly on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

In accordance with the indenture governing the 2019 Utility Revenue Bonds, all income and revenues must be deposited in the Utilities System Revenue Fund and required transfers made to the following funds on a monthly basis after the payment of all reasonable and necessary operating expenses and maintaining the system:

- The “Utilities Revenue Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from the Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal to the pro-rata amount of interest falling due on the next interest payment date and the pro-rata amount of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.
- The “Utilities Revenue Bond Reserve Fund” requires that the issuer shall transfer monthly in advance on or before the 20th day of each month of each year, a sum equal to at least 25% of the highest combined principal and interest requirements for any succeeding bond year on the Bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Capital Additions and Contingencies Fund” requires that the issuer shall transfer from the Revenue Fund, monthly on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month. Such payments into the Contingencies Fund shall continue until such time as there has been accumulated in the Contingencies Fund the sum of \$100,000.

14. Operating Transfers

Operating transfers for the year ended December 31, 2019 are as follows:

	TRANSFERS	
	IN	OUT
General Fund		
Section 8	\$ -	\$ 40,800
Parish Transportation	-	172,034
Internal Service Fund	-	229,986
Capital Projects	-	481,000
Fire Department	762,092	-
Fire Department		
General	-	762,092
Section 8		
General	40,800	-
Capital Projects		
General	481,000	-
Parish Transportation		
General	172,034	-
Internal Service Fund		
General	229,986	-
	<u>\$ 1,685,912</u>	<u>\$ 1,685,912</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

15. Risk Management

The City is subject to various risks of loss related to theft of, damage to, and destruction of assets; error and omissions; injuries to employees; natural disasters; and worker's compensation claims. The City has purchased commercial liability insurance to cover risks of loss related to torts or negligence by employees and council members. Commercial insurance has also been obtained to cover risk of damages to or theft of computer equipment, boilers and other machinery, employee's health insurance, and general liability claims. Claims have not exceeded insurance coverage in any of the past three years.

The City maintains a limited risk management program in the Internal Service Fund for auto, general, police and public officials' liability claims. The City is named as a defendant in various legal claims arising in the ordinary course of operations. In accordance with *Financial Accounting Standards Board Accounting Standards Codification 450, Contingencies*, the City's Internal Service Fund has provided for, in its financial statements, estimated losses from the aforementioned pending suits and claims based on the estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expenses, salvage and subrogation. The City believes the ultimate settlement costs will not materially exceed the amounts provided for the claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the Internal Service Fund.

Transfers from the participating funds to the Internal Service Fund are made as necessary. Claims in excess of the self-insured retention amounts are recovered through commercial limited-coverage insurance policies. The City is self-insured for the first \$100,000 for each claim and is insured with excess coverage as follows:

- Auto liability, general liability and police liability with a \$1,000,000 per occurrence limit (\$3,000,000 police combined aggregate)
- Public officials' employment practices \$2,000,000 per occurrence (\$4,000,000 policy combined aggregate)

Settled claims have not exceeded the insurance coverage for the excess liability in any of the past three years. At December 31, 2019, the amount of liability for unpaid claims was \$136,447. These liabilities are the City's best estimate based on available information. Changes in the reported liabilities during the past three years are as follows:

Year	Beginning Balance	Claims and Changes in Estimate	Payments	Ending Balance
2019	\$ 34,485	\$ 287,783	\$ 185,821	\$ 136,447
2018	73,982	194,808	234,305	34,485
2017	122,350	63,102	111,470	73,982

16. Commitments and Contingencies

As of December 31, 2019, the City was committed to construction contract agreements totaling \$9,892,299. Of this amount, \$6,850,389 has not yet been expended. Majority of these contracts relate to Wastewater Treatment Plant improvements.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

16. Commitments and Contingencies (continued)

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Operating lease expense charged to operations for the year ending December 31, 2019 totaled \$294,412.

The following is a schedule by year of future minimum lease payments under these arrangement as of December 31, 2019, that have initial or remaining terms in excess of one year.

<u>Year ending December 31,</u>	<u>Minimum Payments</u>
2020	\$ 314,649
2021	236,882
2022	156,707
2023	87,175
2024	50,788
2025-2029	169,606
2030-2034	178,384
2035-2039	196,950
2040-2044	217,449
2045-2049	240,081
2050-2054	182,908
	<u>\$ 2,031,579</u>

Grant Disallowances. The City participates in a number of state and federally assisted grant programs. The programs are subject to audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

17. On-Behalf Payments for Supplemental Pay

The City recognizes as revenues and expenditures salary supplements that the State of Louisiana has paid directly to the City's police officers. The total on-behalf payments made for the year amounted to \$243,321.

18. Tax Abatement

The City enters into property tax abatement agreements with local businesses under the Restoration Tax Abatement Program was created by Act 445 of the 1983 Legislature, and revised by Act 783 of 1984, Article VII, Part II, Section 21 (H) of the Louisianan Constitution and Louisiana R.S. 47: 4311-4319, to authorize the Board of Commerce and Industry, with the approval of the Governor and the local governing authority and in accordance with procedures and conditions provided by law, to enter into a contract granting property owners who propose the expansion, restoration, improvement or development of an existing structure or structures in a downtown development district, historic district, or economic development district, established in accordance with law, the right to pay ad valorem taxes based upon the assessed valuation of property prior to the commencement of the expansion, restoration, improvement or development.

The City currently has 5 abatement agreements for renovation of properties in the historic district. The total amount of taxes paid on the existing structure before the renovations is approximately \$6,200. The estimate on the abated taxes has not been determined but would not exceed the taxes paid on the existing structures before renovations. There were no new agreements entered into in 2019.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

19. Academy Cooperative Endeavor Agreement

The City entered into a cooperative endeavor agreement in 2014 with Academy, Ltd., a Texas limited partnership qualified to do business in the State (Academy). The City agreed to reimburse Academy not to exceed the sum of \$250,000 per year or in the aggregate \$1,250,000 from sales tax revenue over a 5-year reimbursement term for the purpose of enabling Academy to construct a facility and locate in Thibodaux, LA and to aid in the revitalization of the City.

The reimbursement obligation for the City is based on the facility not permanently ceasing operations for a term of at least 10 years following the date immediately following the opening of the facility for business to the public.

The City's reimbursement obligation is expressly limited to a 2% undedicated sales and use tax applied solely to the sales tax increment revenues generated by the Facility. The amount paid to Academy for the year was \$261,619.

20. Component Unit – Notes to the Financial Statements

The balances of deposits are as follows:

	Reported Balance	Bank Balance
Demand Deposits**	\$ 6,692,771	\$ 6,727,883
Certificates of Deposit	625,377	625,377
Total deposits	<u>\$ 7,318,148</u>	<u>\$ 7,353,260</u>
Exposed to custodial credit risk		\$ 5,843,462
Covered by pledged securities		\$ 5,843,462

**Included in demand deposits for City Court of Thibodaux is \$1,013,153 for the Fiduciary Funds that are not included on the Statement of Net Position.

A summary of capital assets for component units follows:

	Beginning Balance	Additions	Removals	Ending Balance
Land	\$ 1,230,748	\$ -	\$ -	\$ 1,230,748
Construction in progress	-	-	-	-
Total non-depreciable	<u>1,230,748</u>	<u>-</u>	<u>-</u>	<u>1,230,748</u>
Buildings & improvements	6,072,054	16,494	(1,377)	6,087,171
Equipment & furniture	6,770,056	770,251	(262,699)	7,277,608
Total depreciable	<u>12,842,110</u>	<u>786,745</u>	<u>(264,076)</u>	<u>13,364,779</u>
Total cost	<u>14,072,858</u>	<u>786,745</u>	<u>(264,076)</u>	<u>14,595,527</u>
Total accumulated depreciation	(6,418,414)	(685,816)	209,481	(6,894,749)
Net capital assets	<u>\$ 7,654,444</u>	<u>\$ 100,929</u>	<u>\$ (54,595)</u>	<u>\$ 7,700,778</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

21. Subsequent Events

Subsequent to year end, the City entered into contract commitments approximating \$700,000 for capital improvements.

The world-wide pandemic associated with COVID-19 has spread across the State of Louisiana, including Lafourche Parish. COVID-19 has had minimal impact on the operations of the City, but has a bigger impact on certain businesses within the City. The stay-at-home mandate and social distancing orders of Federal, State, and Local government authorities will have a negative impact on the economy. At this time, the City has not seen a reduction in sales tax collections. Potential revenue reductions will be offset by reductions on operating costs and strong fund balances.

22. Current Accounting Standards Scheduled to be Implemented

Following is a summary of the accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement 83, *Certain Asset Retirement Obligation (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2019. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statement. The effect of this standard or its applicability to the City is unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The City will include the requirements of this standard, as applicable, in its December 31, 2022 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statements. The effect of this standard to the City is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 1.1

	Original Budget	Final Budget	Actual Amounts	Variance + / (-)
REVENUES				
Taxes	\$ 13,812,960	\$ 14,313,068	\$ 15,172,947	\$ 859,879
Licenses and permits	958,800	1,044,499	1,063,506	19,007
Intergovernmental				
Federal government	303,520	333,947	325,352	(8,595)
State government	362,600	360,396	364,171	3,775
Local government	95,750	156,450	156,450	-
Charges for services	418,150	460,979	502,063	41,084
Fines and forfeitures	155,000	155,000	151,651	(3,349)
Investment income	115,700	144,037	259,435	115,398
Miscellaneous	194,410	307,571	310,108	2,537
Total revenues	<u>16,416,890</u>	<u>17,275,947</u>	<u>18,305,683</u>	<u>1,029,736</u>
EXPENDITURES				
Current:				
General government	4,103,507	4,135,691	3,902,840	232,851
Public safety	7,240,818	7,275,812	6,986,161	289,651
Public works	2,373,063	2,296,626	2,193,936	102,690
Culture and recreation	3,022,993	2,887,044	2,536,047	350,997
Capital outlay	939,085	1,132,086	963,115	168,971
Total expenditures	<u>17,679,466</u>	<u>17,727,259</u>	<u>16,582,099</u>	<u>1,145,160</u>
Excess of revenues over (under) expenditures	<u>(1,262,576)</u>	<u>(451,312)</u>	<u>1,723,584</u>	<u>2,174,896</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from disposal of capital assets	-	45,144	45,144	-
Operating transfers in	735,000	762,093	762,092	(1)
Operating transfers out	<u>(1,189,608)</u>	<u>(914,786)</u>	<u>(923,820)</u>	<u>(9,034)</u>
Total other financing sources (uses)	<u>(454,608)</u>	<u>(107,549)</u>	<u>(116,584)</u>	<u>(9,035)</u>
NET CHANGE IN FUND BALANCES	<u>(1,717,184)</u>	<u>(558,861)</u>	<u>1,607,000</u>	<u>2,165,861</u>
FUND BALANCES				
Fund balances, beginning of year	10,416,807	11,380,130	11,380,130	-
Fund balances, end of year	<u>\$ 8,699,623</u>	<u>\$ 10,821,269</u>	<u>\$ 12,987,130</u>	<u>\$ 2,165,861</u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - SECTION 8 HOUSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 1.2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance + / (-)</u>
REVENUES				
Intergovernmental				
Federal government	\$ 1,086,700	\$ 1,112,033	\$ 1,122,515	\$ 10,482
Investment income	150	150	146	(4)
Miscellaneous	9,545	55,896	53,542	(2,354)
Total revenues	<u>1,096,395</u>	<u>1,168,079</u>	<u>1,176,203</u>	<u>8,124</u>
EXPENDITURES				
Current:				
Health and welfare	1,137,633	1,209,489	1,218,820	(9,331)
Total expenditures	<u>1,137,633</u>	<u>1,209,489</u>	<u>1,218,820</u>	<u>(9,331)</u>
Excess of revenues under expenditures	<u>(41,238)</u>	<u>(41,410)</u>	<u>(42,617)</u>	<u>(1,207)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	41,238	40,800	40,800	-
Total other financing sources (uses)	<u>41,238</u>	<u>40,800</u>	<u>40,800</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(610)</u>	<u>(1,817)</u>	<u>(1,207)</u>
FUND BALANCES				
Fund balances, beginning of year	7,868	10,513	10,513	-
Fund balances, end of year	<u>\$ 7,868</u>	<u>\$ 9,903</u>	<u>\$ 8,696</u>	<u>\$ (1,207)</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
December 31, 2019

Schedule 1.3

Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
12/31/2019	\$ 372,758	\$ 448,855	\$ (782,565)	\$ 1,816,112	\$ (424,114)	\$ 1,431,046	\$ 11,937,804	\$ 13,368,850	\$ 7,201,296	185.65%
12/31/2018	\$ 365,449	\$ 433,663	\$ 25,211	\$ -	\$ (420,215)	\$ 404,108	\$ 11,533,696	\$ 11,937,804	\$ 7,060,094	169.09%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF THIBODAUX
Thibodaux, Louisiana

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019 (*)**

Schedule 1.4

<u>Pension Plan</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System (Plan A)					
2019	2.5023%	\$ 10,456,083	\$ 4,632,152	225.7284%	64.68%
2018	2.5597%	10,598,889	4,673,281	226.7976%	63.94%
2017	2.5583%	10,702,627	4,646,127	230.3559%	62.49%
2016	2.5588%	10,487,822	4,570,921	229.4466%	62.11%
2015	2.6048%	9,304,729	4,445,751	209.2949%	66.18%
Municipal Police Employees' Retirement System					
2019	0.8290%	\$ 7,528,992	\$ 2,589,215	290.7828%	71.01%
2018	0.9226%	7,799,903	2,726,269	286.1017%	71.89%
2017	0.8807%	7,688,683	2,615,723	293.9410%	70.08%
2016	0.9330%	8,744,482	2,547,442	343.2652%	66.04%
2015	1.0203%	7,993,203	2,718,898	293.9869%	70.73%
State Employees' Retirement System					
2019	0.0020%	\$ 141,276	\$ 40,272	350.8045%	62.90%
2018	0.0021%	144,514	38,766	372.7854%	64.30%
2017	0.0022%	154,854	38,357	403.7177%	62.50%
2016	0.0022%	168,516	37,413	450.4210%	57.70%
2015	0.0020%	135,486	36,637	369.8065%	62.66%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of June 30th.

CITY OF THIBODAUX
Thibodaux, Louisiana
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 1.5

Pension Plan	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System - Plan A (MERS)					
2019	\$ 1,204,360	\$ 1,248,064	\$ (43,704)	\$ 4,645,418	26.867%
2018	1,156,638	1,180,078	(23,440)	4,652,479	25.364%
2017	1,109,483	1,161,971	(52,488)	4,673,961	24.861%
2016	914,449	914,449	-	4,596,783	19.893%
2015	882,918	882,918	-	4,470,473	19.750%
Municipal Police Employees' Retirement System (MPERS)					
2019	\$ 835,022	\$ 849,499	\$ (14,477)	\$ 2,623,954	32.375%
2018	837,255	840,071	(2,816)	2,670,286	31.460%
2017	826,713	817,775	8,938	2,638,953	30.989%
2016	771,752	771,752	-	2,597,654	29.710%
2015	793,534	793,534	-	2,586,854	30.676%
State Employees' Retirement System (LASERS)					
2019	\$ 16,149	\$ 16,629	\$ (480)	\$ 40,312	41.251%
2018	15,545	15,844	(299)	39,516	40.095%
2017	13,963	14,516	(553)	38,737	37.473%
2016	15,421	15,421	-	37,963	40.621%
2015	14,681	14,681	-	36,887	39.800%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to MERS MPERS and LASERS

³ Employer's covered payroll amount for the fiscal year ended December 31 of each year

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 1.6

Changes of Benefit Terms include:

Municipal Employees' Retirement System (Plan A)

There was no changes of benefit terms for the years presented.

Municipal Police Employees' Retirement System

There was no changes of benefit terms for the years presented.

State Employees' Retirement System

There was no changes of benefit terms for the years presented.

Changes of Assumptions:

Municipal Employees' Retirement System (Plan A)

The following changes in actuarial assumptions for each year are as follows:

<i>Inflation Rate:</i>				<i>Investment rate of return:</i>			
Measureme				Measureme			
Year End	nt date	Rate	Change	Year End	nt date	Rate	Change
12/31/2019	6/30/2019	2.500%	-0.100%	12/31/2019	6/30/2019	7.000%	-0.275%
12/31/2018	6/30/2018	2.600%	-0.175%	12/31/2018	6/30/2018	7.275%	-0.125%
12/31/2017	6/30/2017	2.775%	-0.100%	12/31/2017	6/30/2017	7.400%	-0.100%
12/31/2016	6/30/2016	2.875%	0.000%	12/31/2016	6/30/2016	7.500%	0.000%
12/31/2015	6/30/2015	2.875%		12/31/2015	6/30/2015	7.500%	

Municipal Police Employees' Retirement System

The following changes in actuarial assumptions for each year are as follows:

<i>Inflation Rate:</i>				<i>Investment rate of return:</i>			
Measureme				Measureme			
Year End	nt date	Rate	Change	Year End	nt date	Rate	Change
12/31/2019	6/30/2019	2.500%	-0.100%	12/31/2019	6/30/2019	7.125%	-0.075%
12/31/2018	6/30/2018	2.600%	-0.100%	12/31/2018	6/30/2018	7.200%	-0.125%
12/31/2017	6/30/2017	2.700%	-0.175%	12/31/2017	6/30/2017	7.325%	-0.175%
12/31/2016	6/30/2016	2.875%	0.000%	12/31/2016	6/30/2016	7.500%	0.000%
12/31/2015	6/30/2015	2.875%		12/31/2015	6/30/2015	7.500%	

State Employees' Retirement System

The following changes in actuarial assumptions for each year are as follows:

<i>Inflation Rate:</i>				<i>Investment rate of return:</i>			
Measureme				Measureme			
Year End	nt date	Rate	Change	Year End	nt date	Rate	Change
12/31/2019	6/30/2019	2.500%	-0.250%	12/31/2019	6/30/2019	7.600%	-0.050%
12/31/2018	6/30/2018	2.750%	0.050%	12/31/2018	6/30/2018	7.650%	-0.050%
12/31/2017	6/30/2017	2.700%	-0.175%	12/31/2017	6/30/2017	7.700%	-0.050%
12/31/2016	6/30/2016	2.875%	0.000%	12/31/2016	6/30/2016	7.750%	0.000%
12/31/2015	6/30/2015	2.875%		12/31/2015	6/30/2015	7.750%	

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 1.6

Changes in benefits terms and assumptions related to total other postemployment benefits liability

No assets are accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 to pay related benefits.

Changes in benefit terms:

12/31/2019 There were no changes of benefit terms for the year ended December 31, 2019.

12/31/2018 There were no changes of benefit terms for the year ended December 31, 2018.

Changes in assumptions:

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability:

Measurement Date	Discount Rate
12/31/2019	2.75%
12/31/2018	3.71%
12/31/2017	3.50%

OTHER SUPPLEMENTARY INFORMATION

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

Statement 2.1

	11	13	14 Street	18	31	
	Police Forfeiture Fund	Fire Department Fund	Improvement and Maintenance	DOTD Parish Transportation	CDBG Fund	Total
ASSETS						
Cash and cash equivalents	\$ 11,139	\$ 612,695	\$ 442,290	\$ 75,169	\$ -	\$ 1,141,293
Accounts receivable, net	-	181,530	73,225	-	-	254,755
Due from other governments	-	-	-	11,667	4,319	15,986
Total assets	<u>\$ 11,139</u>	<u>\$ 794,225</u>	<u>\$ 515,515</u>	<u>\$ 86,836</u>	<u>\$ 4,319</u>	<u>\$ 1,412,034</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	\$ 886	\$ -	\$ 32,769	\$ 62,281	\$ 1,004	\$ 96,940
Accrued salaries and benefits	-	-	-	-	835	835
Retainage payable	-	-	-	24,555	-	24,555
Due to other funds	-	-	-	-	2,480	2,480
Total liabilities	<u>886</u>	<u>-</u>	<u>32,769</u>	<u>86,836</u>	<u>4,319</u>	<u>124,810</u>
DEFERRED INFLOWS OF RESOURCES						
Resources recovered prior to time requirements	-	45,054	18,225	-	-	63,279
Total deferred inflows of resources	<u>-</u>	<u>45,054</u>	<u>18,225</u>	<u>-</u>	<u>-</u>	<u>63,279</u>
FUND BALANCES						
Restricted for:						
Public safety	-	749,171	-	-	-	749,171
Public works	-	-	464,521	-	-	464,521
Assigned for:						
Public safety	10,253	-	-	-	-	10,253
Total fund balances	<u>10,253</u>	<u>749,171</u>	<u>464,521</u>	<u>-</u>	<u>-</u>	<u>1,223,945</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,139</u>	<u>\$ 794,225</u>	<u>\$ 515,515</u>	<u>\$ 86,836</u>	<u>\$ 4,319</u>	<u>\$ 1,412,034</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement 2.2

	11	13	14	18	31	
	Police	Fire	Street	DOTD Parish		
	Forfeiture Fund	Department	Improvement	Transportation	CDBG Fund	Total
		Fund	and			
			Maintenance			
REVENUES						
Taxes	\$ -	\$ 736,429	\$ 295,287	\$ -	\$ -	\$ 1,031,716
Intergovernmental						
Federal government	-	-	-	-	128,631	128,631
State government	-	-	-	145,891	-	145,891
Fines and forfeitures	10,910	-	-	-	-	10,910
Investment income	133	2,260	3,023	1,802	-	7,218
Miscellaneous	-	4,231	2,698	-	-	6,929
Total revenues	<u>11,043</u>	<u>742,920</u>	<u>301,008</u>	<u>147,693</u>	<u>128,631</u>	<u>1,331,295</u>
EXPENDITURES						
Current:						
Public safety	19,835	-	-	-	-	19,835
Public works	-	-	267,180	71	38,072	305,323
Health and welfare	-	-	-	-	7,958	7,958
Capital outlay	-	-	-	561,497	82,601	644,098
Total expenditures	<u>19,835</u>	<u>-</u>	<u>267,180</u>	<u>561,568</u>	<u>128,631</u>	<u>977,214</u>
Excess of revenues over (under) expenditures	<u>(8,792)</u>	<u>742,920</u>	<u>33,828</u>	<u>(413,875)</u>	<u>-</u>	<u>354,081</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	172,034	-	172,034
Operating transfers out	-	(762,092)	-	-	-	(762,092)
Total other financing sources (uses)	<u>-</u>	<u>(762,092)</u>	<u>-</u>	<u>172,034</u>	<u>-</u>	<u>(590,058)</u>
NET CHANGE IN FUND BALANCES	<u>(8,792)</u>	<u>(19,172)</u>	<u>33,828</u>	<u>(241,841)</u>	<u>-</u>	<u>(235,977)</u>
FUND BALANCES						
Fund balances, beginning of year	19,045	768,343	430,693	241,841	-	1,459,922
Fund balances, end of year	<u>\$ 10,253</u>	<u>\$ 749,171</u>	<u>\$ 464,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223,945</u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - POLICE FORFEITURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 2.3

	Original Budget	Final Budget	Actual Amounts	Variance + / (-)
REVENUES				
Fines and forfeitures	\$ 500	\$ 4,392	\$ 10,910	\$ 6,518
Investment income	130	130	133	3
Total revenues	<u>630</u>	<u>4,522</u>	<u>11,043</u>	<u>6,521</u>
EXPENDITURES				
Current:				
Public safety	<u>10,500</u>	<u>21,240</u>	<u>19,835</u>	<u>1,405</u>
Total expenditures	<u>10,500</u>	<u>21,240</u>	<u>19,835</u>	<u>1,405</u>
Excess of revenues over (under) expenditures	<u>(9,870)</u>	<u>(16,718)</u>	<u>(8,792)</u>	<u>7,926</u>
NET CHANGE IN FUND BALANCES	<u>(9,870)</u>	<u>(16,718)</u>	<u>(8,792)</u>	<u>7,926</u>
FUND BALANCES				
Fund balances, beginning of year	<u>15,924</u>	<u>19,045</u>	<u>19,045</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,054</u>	<u>\$ 2,327</u>	<u>\$ 10,253</u>	<u>\$ 7,926</u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - FIRE DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 2.4

	Original Budget	Final Budget	Actual Amounts	Variance + / (-)
REVENUES				
Taxes	\$ 735,190	\$ 735,190	\$ 736,429	\$ 1,239
Investment income	2,000	2,005	2,260	255
Miscellaneous	2,000	4,143	4,231	88
Total revenues	<u>739,190</u>	<u>741,338</u>	<u>742,920</u>	<u>1,582</u>
OTHER FINANCING USES				
Operating transfers out	<u>(735,000)</u>	<u>(762,093)</u>	<u>(762,092)</u>	<u>1</u>
Total other financing uses	<u>(735,000)</u>	<u>(762,093)</u>	<u>(762,092)</u>	<u>1</u>
NET CHANGE IN FUND BALANCES	<u>4,190</u>	<u>(20,755)</u>	<u>(19,172)</u>	<u>1,583</u>
FUND BALANCES				
Fund balances, beginning of year	<u>746,815</u>	<u>768,343</u>	<u>768,343</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 751,005</u></u>	<u><u>\$ 747,588</u></u>	<u><u>\$ 749,171</u></u>	<u><u>\$ 1,583</u></u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - STREET IMPROVEMENTS AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 2.5

	Original Budget	Final Budget	Actual Amounts	Variance + / (-)
REVENUES				
Taxes	\$ 294,940	\$ 294,940	\$ 295,287	\$ 347
Investment income	1,300	2,744	3,023	279
Miscellaneous	2,000	2,662	2,698	36
Total revenues	<u>298,240</u>	<u>300,346</u>	<u>301,008</u>	<u>662</u>
EXPENDITURES				
Current:				
Public works	424,000	439,715	267,180	172,535
Total expenditures	<u>424,000</u>	<u>439,715</u>	<u>267,180</u>	<u>172,535</u>
Excess of revenues over (under) expenditures	<u>(125,760)</u>	<u>(139,369)</u>	<u>33,828</u>	<u>173,197</u>
NET CHANGE IN FUND BALANCES	<u>(125,760)</u>	<u>(139,369)</u>	<u>33,828</u>	<u>173,197</u>
FUND BALANCES				
Fund balances, beginning of year	419,004	430,693	430,693	-
Fund balances, end of year	<u><u>\$ 293,244</u></u>	<u><u>\$ 291,324</u></u>	<u><u>\$ 464,521</u></u>	<u><u>\$ 173,197</u></u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - PARISH TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 2.6

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance + / (-)</u>
REVENUES				
Intergovernmental				
State government	\$ 134,000	\$ 139,000	\$ 145,891	\$ 6,891
Investment income	1,500	1,791	1,802	11
Total revenues	<u>135,500</u>	<u>140,791</u>	<u>147,693</u>	<u>6,902</u>
EXPENDITURES				
Current:				
Public works	1,000	572	71	501
Capital outlay	351,150	545,630	561,497	(15,867)
Total expenditures	<u>352,150</u>	<u>546,202</u>	<u>561,568</u>	<u>(15,366)</u>
Excess of revenues under expenditures	<u>(216,650)</u>	<u>(405,411)</u>	<u>(413,875)</u>	<u>(8,464)</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>-</u>	<u>164,000</u>	<u>172,034</u>	<u>8,034</u>
Total other financing sources	<u>-</u>	<u>164,000</u>	<u>172,034</u>	<u>8,034</u>
NET CHANGE IN FUND BALANCES	<u>(216,650)</u>	<u>(241,411)</u>	<u>(241,841)</u>	<u>(430)</u>
FUND BALANCES				
Fund balances, beginning of year	237,797	241,841	241,841	-
Fund balances, end of year	<u><u>\$ 21,147</u></u>	<u><u>\$ 430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (430)</u></u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 2.7

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance + / (-)</u>
REVENUES				
Intergovernmental				
Federal government	\$ 235,681	\$ 135,656	\$ 128,631	\$ (7,025)
Total revenues	<u>235,681</u>	<u>135,656</u>	<u>128,631</u>	<u>(7,025)</u>
EXPENDITURES				
Current:				
Public works	35,681	43,709	38,072	5,637
Health and welfare	10,000	9,346	7,958	1,388
Capital outlay	190,000	82,601	82,601	-
Total expenditures	<u>235,681</u>	<u>135,656</u>	<u>128,631</u>	<u>7,025</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 3.1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance + / (-)</u>
REVENUES				
Intergovernmental				
Federal government	\$ 748,060	\$ 90,890	\$ 78,053	\$ (12,837)
Investment income	1,000	1,000	1,066	66
Total revenues	<u>749,060</u>	<u>91,890</u>	<u>79,119</u>	<u>(12,771)</u>
EXPENDITURES				
Current:				
Public works	500	500	338	162
Capital outlay	1,801,870	580,040	578,131	1,909
Total expenditures	<u>1,802,370</u>	<u>580,540</u>	<u>578,469</u>	<u>2,071</u>
Excess of revenues under expenditures	<u>(1,053,310)</u>	<u>(488,650)</u>	<u>(499,350)</u>	<u>(10,700)</u>
OTHER FINANCING SOURCES				
Operating transfers in	905,000	481,000	481,000	-
Total other financing sources	<u>905,000</u>	<u>481,000</u>	<u>481,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(148,310)</u>	<u>(7,650)</u>	<u>(18,350)</u>	<u>(10,700)</u>
FUND BALANCES				
Fund balances, beginning of year	150,125	150,394	150,394	-
Fund balances, end of year	<u><u>\$ 1,815</u></u>	<u><u>\$ 142,744</u></u>	<u><u>\$ 132,044</u></u>	<u><u>\$ (10,700)</u></u>

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET POSITION - MUNICIPAL GAS AND SEWERAGE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement 4.1

	Gas System	Sewerage System	Total
OPERATING REVENUES			
Charges for services	\$ 2,439,357	\$ 1,975,926	\$ 4,415,283
OPERATING EXPENSES			
Gas purchased	1,192,714	-	1,192,714
Personal services	423,018	397,943	820,961
Operating supplies	167,986	34,345	202,331
Equipment expenses	42,736	423,045	465,781
Building expenses	8,720	181,769	190,489
Outside services	17,729	67,688	85,417
General operating	54,019	130,971	184,990
General administrative	7,272	539	7,811
Depreciation	260,424	580,893	841,317
Total operating expenses	<u>2,174,618</u>	<u>1,817,193</u>	<u>3,991,811</u>
Operating income	<u>264,739</u>	<u>158,733</u>	<u>423,472</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	21,209	35,356	56,565
Other non-operating revenues	11,518	11,469	22,987
Gain on sale or disposal of assets	4,350	-	4,350
Loss on sale or disposal of assets	-	(3,239)	(3,239)
Revenues from non-employer contributing entities	8,396	7,102	15,498
Interest and fiscal charges	(25,704)	(36,094)	(61,798)
Total non-operating revenues	<u>19,769</u>	<u>14,594</u>	<u>34,363</u>
Income before capital contributions	284,508	173,327	457,835
CONTRIBUTIONS			
Capital contributions	10,460	137,864	148,324
CHANGE IN NET POSITION	<u><u>\$ 294,968</u></u>	<u><u>\$ 311,191</u></u>	<u><u>\$ 606,159</u></u>

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING STATEMENT OF NET POSITION
DESCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019 AND NOVEMBER 30, 2019

Statement 4.2

	City Court of Thibodaux	Thibodaux Volunteer Fire Department, Inc.	Total
ASSETS			
Cash and cash equivalents	\$ 503,513	\$ 5,176,105	\$ 5,679,618
Investments - CDs	-	625,377	625,377
Receivables, net	-	14,900	14,900
Internal balances	108,509	-	108,509
Prepaid expenses and other assets	-	39,375	39,375
Capital assets			
Non-depreciable	-	1,230,748	1,230,748
Net depreciable	72,141	6,397,889	6,470,030
Total assets	<u>684,163</u>	<u>13,484,394</u>	<u>14,168,557</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	16,707	-	16,707
Total deferred outflows of resources	<u>16,707</u>	<u>-</u>	<u>16,707</u>
LIABILITIES			
Accounts payables and accrued expenses	6,058	20,510	26,568
Unearned revenue	-	1,000	1,000
Due to other governments	14,477	-	14,477
Net pension liability	161,706	-	161,706
Total liabilities	<u>182,241</u>	<u>21,510</u>	<u>203,751</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	336	-	336
Total deferred inflows of resources	<u>336</u>	<u>-</u>	<u>336</u>
NET POSITION			
Net investment in capital assets	72,141	-	72,141
Restricted for:			
Federal grants	-	-	-
Debt service	-	-	-
System maintenance	-	-	-
Court services	170,501	-	170,501
Public safety	-	2,587,373	2,587,373
Unrestricted	275,651	10,875,511	11,151,162
Total net position	<u>\$ 518,293</u>	<u>\$ 13,462,884</u>	<u>\$ 13,981,177</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND NOVEMBER 30, 2019

Statement 4.3

	City Court of Thibodaux	Thibodaux Volunteer Fire Department, Inc.	Total
EXPENSES	\$ 951,262	\$ 1,446,381	\$ 2,397,643
PROGRAM REVENUES			
Charges for services	162,059	110,000	272,059
Operating grants and contributions	752,266	46,786	799,052
Total program revenues	<u>914,325</u>	<u>156,786</u>	<u>1,071,111</u>
Net expense	<u>(36,937)</u>	<u>(1,289,595)</u>	<u>(1,326,532)</u>
GENERAL REVENUES			
Ad valorem taxes	-	762,092	762,092
Investment earnings	7,493	23,152	30,645
Firemen's Fair	-	953,656	953,656
Miscellaneous	-	250,103	250,103
Total general revenues	<u>7,493</u>	<u>1,989,003</u>	<u>1,996,496</u>
CHANGE IN NET POSITION	<u>(29,444)</u>	<u>699,408</u>	<u>669,964</u>
NET POSITION			
Beginning of year	547,737	12,763,476	13,311,213
End of year	<u>\$ 518,293</u>	<u>\$ 13,462,884</u>	<u>\$ 13,981,177</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF UTILITY CUSTOMERS
(Unaudited)
December 31, 2019

Schedule 4.4

The number of meters in service at December 31, 2018:

Department	Commercial	Residential	Total
Natural Gas	559	3,540	4,099
Water & Sewer	1,426	5,189	6,615
Totals	<u>1,985</u>	<u>8,729</u>	<u>10,714</u>

The number of meters in service at December 31, 2019:

Department	Commercial	Residential	Total
Natural Gas	564	3,585	4,149
Water & Sewer	1,445	5,235	6,680
Totals	<u>2,009</u>	<u>8,820</u>	<u>10,829</u>

CITY OF THIBODAUX
Thibodaux, Louisiana
SCHEDULE OF INSURANCE IN FORCE
(Unaudited)
DECEMBER 31, 2019

Schedule 4.5

Issuer	Kind of Insurance	Insurance	Expiration Date
Riviere Insurance (American Alternative Insurance Company)	Auto Liability & Physical Damage Deductible: SIR \$100,000	\$ 1,000,000	7/1/2020
	General Liability Deductible: SIR \$100,000	\$ 1,000,000	7/1/2020
	Law Enforcement Liability: SIR \$100,000	\$ 1,000,000	7/1/2020
	Public Entity Management Liability Deductible: SIR \$100,000	\$ 2,000,000	7/1/2020
	Public Entity Employment-Related Practices Liability Deductible: SIR \$100,000	\$ 2,000,000	7/1/2020
	Employee Benefit Plan Liability Deductible: SIR \$100,000	\$ 1,000,000	7/1/2020
	TVFD Auto Liability Deductible: \$1,000	\$ 1,000,000	10/11/2020
(Fidelity Deposit Company of Maryland)	Public Official Bond - Finance Director Deductible \$0	\$100,000	3/1/2020
	Public Official Bond - Administrative Asst Deductible \$0	\$100,000	3/1/2020
	Public Official Bond - Mayor's Secretary Deductible \$0	\$100,000	3/1/2020
A.J. Gallagher Risk Management Services (Great American Insurance Company)	LA Workmens Comp Deductible: None	Statutory	12/31/2019
(Hartford)	Inland Marine Deductible: \$1,000	\$ 3,903,892	7/18/2020
(Fidelity Deposit Company of Maryland)	Boiler & Machinery Deductible: \$5,000	\$ 50,000,000	6/1/2020
(American Bankers Insurance Company of Florida)	Government Crime Policy - Commissioner Deductible \$1,000	\$ 100,000	5/27/2020
	Government Crime Policy Employee Deductible \$1,000	\$ 100,000	5/27/2020
	Building & Contents Flood Policy Deductible: \$4,000	\$ 236,200	12/31/2019
CNA Surety	Public Official Bond - Mayor Deductible \$0	\$ 100,000	12/31/2021
Jones Insurance Agency	Thibodaux Senior Citizen - Commercial General Liability Deductible \$2,000		9/1/2020
(Western Surety Company)	Public Official Bond - Council President Deductible \$0	\$ 100,000	4/15/2020
Gallagher Benefit Services	Recreation - Excess Accident Policy Deductible \$100	\$ 10,000	6/29/2020
Underwriters at Lloyd's London Indian Harbor Insurance Co. QBE Specialty Insurance Co. Steadfast Insurance Co	Physical Damage	\$ 41,598,495	6/1/2020

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule 4.6

Tommy Eschete - Mayor	\$	82,370
Eric Tabor - District A		12,700
Eugene Richard - District B		12,700
Constance Williams - District C		12,700
Chad Mire - Councilman at Large		14,100
Mike Naquin - Councilman at Large		14,100
	\$	<u>148,670</u>

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 4.7

Mayor : Tommy Eschete

Purpose

Salary	\$	82,370
Benefits - Insurance		8,455
Benefits - Deferred compensation (agency contributions)		18,376
Benefits - Other		2,265
Cell Phone		1,025
Vehicle allowance		8,400
Other		500
Total	\$	<u>121,391</u>

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the Council
City of Thibodaux, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thibodaux, Louisiana (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 18, 2020. Our report includes a reference to other auditors who audited the financial statements of Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A stylized, handwritten-style signature of "Postlethwaite & Netterville" in black ink.

Baton Rouge, Louisiana
August 18, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the Council
City of Thibodaux, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Thibodaux, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-002, 2019-003, and 2019-004 that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baton Rouge, Louisiana
August 18, 2020

CITY OF THIBODAUX
Thibodaux, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number	Federal Expenditures
HOUSING VOUCHER CLUSTER			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the Office of Public Housing and Indian Housing			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 1,122,515
TOTAL HOUSING VOUCHER CLUSTER			<u>1,122,515</u>
CDBG - ENTITLEMENT GRANTS CLUSTER			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the Office of Community Planning and Development			
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-22-0012	500
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-22-0012	112,466
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-22-0012	15,667
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER			<u>128,633</u>
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,251,148</u>
CLEAN WATER STATE REVOLVING FUND CLUSTER			
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed through Louisiana Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-221905-02	93,995
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER			<u>93,995</u>
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			<u>93,995</u>
HIGHWAY SAFETY CLUSTER			
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Highway Safety Commission			
State and Community Highway Safety - LHSC 2018 - 2019	20.600	2019-30-55	97,281
State and Community Highway Safety - LHSC 2019 - 2020	20.600	2020-30-55	4,843
Alcohol Impaired Driving Countermeasure Incentive - LHSC 2019 - 2020	20.601	2019-30-55	16,802
TOTAL HIGHWAY SAFETY CLUSTER			<u>118,926</u>
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Highway Safety Commission			
Federal Highway Administration - Acadia Roundabout	20.205	H009320 / H.009320.5	78,053
Federal Highway Administration - Acadia Roundabout Audobon to MLK	20.205	H.009742	223,581
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>301,634</u>
OTHER PROGRAMS			
Passed through Louisiana Department of Transportation and Development			
Airport Mapping and Delineation	20.106	3-22-0072-005-2016 / H.012763	8,775
TOTAL OTHER PROGRAMS			<u>8,775</u>
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			<u>429,335</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 1,774,478</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant award of the City under programs of the federal government for the year ended December 31, 2019 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

Federal assistance expended as reported on Schedule of Expenditures of Federal Awards	\$ 1,774,478
Less: loan proceeds recorded on Schedule of Expenditures of Federal Awards	
Capitalization Grants for Clean Water State Revolving Funds	(93,995)
Add: revenues received in current year for prior year expenditures	
Federal Emergency Management Agency	92,994
Less: revenues recorded as salary reimbursements	
Louisiana Highway Safety Commission	(118,926)
Intergovernmental revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 1,654,551</u>

NOTE C - INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CLEAN WATER STATE REVOLVING LOAN FUND

The City received loan assistance for the following program:

Program Title	Federal CFDA Number	Outstanding Balance as of December 31, 2019	New Loans Made During the Year Ended December 31, 2019
Capitalization Grants for Clean Water State Revolving Funds		\$ 3,843,128	\$ 177,940
Less: Source of Funds - State or Repayment Funds		(2,444,068)	(83,945)
Federal Portion of Loan	66.458	<u>\$ 1,399,060</u>	<u>\$ 93,995</u>

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

 Yes X No

- Significant deficiency identified not considered to be a material weakness?

 X Yes None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over financial reporting:

- Material weakness identified

 Yes X No

- Significant deficiency identified not considered to be a material weakness?

 X Yes None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 X Yes No

Identification of major program:

Name of Federal Program or Cluster

Federal CFDA Number

Housing Voucher Cluster -
Section 8 Housing Choice Vouchers

14.871

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

Criteria: Internal controls should be designed to ensure proper segregation of duties.

Condition: Administrative access within the system is granted to users that are also responsible for performing various accounting functions including the approval of disbursements and the signing of checks. These duties should be segregated. During the assessment of internal control over financial reporting, we also noted a deficiency in the design of internal controls due to inadequate segregation of duties over vendor account maintenance.

Cause: Internal controls related to administrative access, cash disbursements, and vendor account maintenance have not been designed to properly safeguard the assets of the City and to prevent or detect misstatements.

Effect: The assets of the City have not been properly safeguarded and misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Access to administrative privileges should be evaluated and restricted to IT personnel. If this is not practical, mitigating controls should be in place to compensate for the lack of access controls. User access review should be performed routinely. Additionally, proper segregation of duties should be established for cash disbursements and vendor account maintenance.

View of Responsible Official: Management concurs with the finding. An individual independent of the accounts payable function will perform vendor file reviews.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-002 INTERNAL CONTROL - REPORTING

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart A – Acronyms and Definitions define internal control over compliance requirements for federal awards as a process implemented that is designed to provide reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable Federal reports.

Condition: During the assessment of internal control over reporting, we identified deficiencies in the design of the controls. There was no evidence of review and approval of financial reports prepared by a third party prior to submission.

Cause: Controls over reporting have not been designed to ensure the preparation of accurate and reliable Federal reports.

Questioned Costs: None

Effect: Material misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding reporting. Prior to submission, reports should be reviewed by someone independent of the preparation of the report. This review should be documented.

View of Responsible Official: Management concurs with the finding. The program director will review and approve all third party prepared reports. The reviews and approvals will be documented.

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2019-003 INTERNAL CONTROL – SPECIAL TESTS

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart A – Acronyms and Definitions define internal control over compliance requirements for federal awards as a process implemented that is designed to provide reasonable assurance that transactions are executed in compliance with Federal Statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

Condition: During the assessment of internal control over special test requirements, we identified deficiencies in the design of the controls. Various procedures and calculations are performed as well as the completion of reports as part of the special tests compliance requirements. There was no evidence of review of these procedures, calculations, and reports by someone independent of their preparation and performance.

Cause: Controls over special tests have not been designed to ensure compliance with the special tests requirements.

Questioned Costs: None.

Effect: Non-compliance could occur and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding special tests. Calculations and documentation regarding special tests requirements should be reviewed and approved by someone independent of the calculation and documentation of these requirements. This review and approval should be documented.

View of Responsible Official: Management concurs with the finding. Someone independent of the preparer will document review and approval of the requirements.

2019-004 ENHANCEMENT OF POLICIES AND PROCEDURES

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awarded on or after December 26, 2014. 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E – Cost Principles of the Uniform Guidance require specific written policies relative to federal awards.

Condition: The written policies and procedures of the City do not directly address all required compliance areas with the Uniform Guidance for federal programs.

Cause: The City has not formally adopted written policies and procedures required by the Uniform Guidance.

Questioned Costs: None

Effect: The City is susceptible to an increase risk of noncompliance with federal awarding requirements.

Recommendation: The written policies and procedures of the City should be enhanced to ensure compliance with the Uniform Guidance

View of Responsible Official: Management concurs with the finding. The City will enhance its policies and procedures to be in compliance with the Uniform Guidance.

CITY OF THIBODAUX
Thibodaux, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended December 31, 2019

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF THIBODAUX

FINANCE DEPARTMENT

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DEBORAH A. DAIGLE
DIRECTOR

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EMAIL: ddaigle@ci.thibodaux.la.us

The following contains the City of Thibodaux's corrective action plans for the four (4) findings in the 2019 City audit.

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

Criteria: Internal controls should be designed to ensure proper segregation of duties.

Condition: Administrative access within the system is granted to users that are also responsible for performing various accounting functions including the approval of disbursements and the signing of checks. These duties should be segregated. During the assessment of internal control over financial reporting, we also noted a deficiency in the design of internal controls due to inadequate segregation of duties over vendor account maintenance.

Cause: Internal controls related to administrative access, cash disbursements, and vendor account maintenance have not been designed to properly safeguard the assets of the City and to prevent or detect misstatements.

Effect: The assets of the City have not been properly safeguarded and misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Access to administrative privileges should be evaluated and restricted to IT personnel. If this is not practical, mitigating controls should be in place to compensate for the lack of access controls. User access review should be performed routinely. Additionally, proper segregation of duties should be established for cash disbursements and vendor account maintenance.

View of Responsible Official: Management concurs with the finding. An individual independent of the accounts payable function will perform vendor file reviews.

Effective immediately, the IT Director will remove administrative access to such positions and will routinely review the access controls. The IT Director will now be responsible for managing all administrative access to the Incode Financial software in a timely and accurate manner so as not to inhibit the work of the Finance Department.

Effective 07/10/2020 the accounts payable vendor access was removed. Adding/modifying vendors will be handled solely by someone who does not have access to processing and printing accounts payable checks.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-002 INTERNAL CONTROL - REPORTING

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart A – Acronyms and Definitions define internal control over compliance requirements for federal awards as a process implemented that is designed to provide reasonable assurance that transactions are properly recorded and accounted for

to permit the preparation of reliable Federal reports.

Condition: During the assessment of internal control over reporting, we identified deficiencies in the design of the controls. There was no evidence of review and approval of financial reports prepared by a third party prior to submission.

Cause: Controls over reporting have not been designed to ensure the preparation of accurate and reliable Federal reports.

Questioned Costs: None

Effect: Material misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding reporting. Prior to submission, reports should be reviewed by someone independent of the preparation of the report. This review should be documented.

View of Responsible Official: Management concurs with the finding. The program director will review and approve all third party prepared reports. The reviews and approvals will be documented.

Effective 2020, The Director and the City Accountant will document, through a means of initialing, their current review process to substantiate that an oversight review of financial information is occurring in the HCV program. The City Accountant prepares monthly financial reports and emails them to the Director and Fee Accountant. The Director compiles a VMS spreadsheet which compares the monthly financial expenditures of the Department. Once balanced with the Accountant, the Director emails the Fee Accountant. The Fee Accountant submits to VMS and sends reports to the Director, along with an invoice. The Fee Accountant's reports are reviewed by the Accountant, who will now initial the reports, and reviewed by the Director, who will now initial the reports.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2019-003 INTERNAL CONTROL – SPECIAL TESTS

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart A – Acronyms and Definitions define internal control over compliance requirements for federal awards as a process implemented that is designed to provide reasonable assurance that transactions are executed in compliance with Federal Statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.

Condition: During the assessment of internal control over special test requirements, we identified deficiencies in the design of the controls. Various procedures and calculations are performed as well as the completion of reports as part of the special tests compliance requirements. There was no evidence of review of these procedures, calculations, and reports by someone independent of their preparation and performance.

Cause: Controls over special tests have not been designed to ensure compliance with the special tests requirements.

Questioned Costs: None.

Effect: Non-compliance could occur and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding special tests. Calculations

and documentation regarding special tests requirements should be reviewed and approved by someone independent of the calculation and documentation of these requirements. This review and approval should be documented.

View of Responsible Official: Management concurs with the finding. Someone independent of the preparer will document review and approval of the requirements.

Effective 2020, the Director and the Specialist will document, through a means of initialing, their current review process to substantiate that an oversight review of calculations is occurring in the HCV program. Currently, a Specialist performs all calculations. They will initial the calculation tape to document their calculation. The Specialist will sign all the Change Forms to indicate he performed the calculations. The Director currently reviews 100% of all calculations, but will also initial the calculations, to document oversight review and sign the change forms. Before mailing out the changes, the 3rd employee – Specialist will review the calculations and initial the Change Form.

2019-004 ENHANCEMENT OF POLICIES AND PROCEDURES

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awarded on or after December 26, 2014. 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E – Cost Principles of the Uniform Guidance require specific written policies relative to federal awards.

Condition: The written policies and procedures of the City do not directly address all required compliance areas with the Uniform Guidance for federal programs.

Cause: The City has not formally adopted written policies and procedures required by the Uniform Guidance.

Questioned Costs: None

Effect: The City is susceptible to an increase risk of noncompliance with federal awarding requirements.

Recommendation: The written policies and procedures of the City should be enhanced to ensure compliance with the Uniform Guidance

View of Responsible Official: Management concurs with the finding. The City will enhance its policies and procedures to be in compliance with the Uniform Guidance.

This finding was the first time the City was made aware of the Uniform Guidance for Federal Programs. Effective July 14, 2020, the City Purchasing Procedures were revised and signed by the Mayor and directly addresses all required compliance areas with the Uniform Guidance for Federal Programs.

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended December 31, 2019

To the Honorable Mayor and
Members of the City Council of the City of Thibodaux and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Thibodaux (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exceptions noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "*procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity*" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- c) **Disbursements**, including processing, reviewing, and approving

No exceptions noted.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity has a written policy for Contracting; however, it does not address (2) standard terms and conditions, (3) legal review, or (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

No exceptions noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions noted.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a written policy for debt service.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity has a written policy for Disaster Recovery/Business Continuity; however, it does not address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, or (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that receipts are sequentially pre-numbered.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- e) Trace the actual deposit per the bank statement to the general ledger.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) At least two employees are involved in processing and approving payments to vendors.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing or electronically approved, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See comments and corrective action plan included in correspondence from management.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Baton Rouge, Louisiana
August 18, 2020



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A Professional Accounting Corporation

To the Honorable Mayor and
Members of the Council
Thibodaux, LA

We have audited the general-purpose financial statements of the City of Thibodaux (the City) for the year ended December 31, 2019, and have issued our report thereon dated August 18, 2020. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated August 14, 2020, on the financial statements of the City or the City's internal control over financial reporting.

ML 19-001 Documentation and Review

Condition: Management is responsible for establishing and maintaining effective internal controls that ensures that financial information is reliable and properly recorded. Monthly reconciliations were lacking evidence of review by someone independent of the preparer.

Recommendation: Controls should be implemented to require management's review and approval.

ML 19-002 Best Practices

Condition: The City's contracting policy does not address specific areas that are recommended as best practices. Additionally, the City does not have a formalized debt service policy.

Recommendation: The City's contracting policy should address standard terms and conditions, legal review and a monitoring process. The City should formalize a debt service policy.

ML 19-003 FEMA Reimbursement Request

Condition: Salary expenditures incurred and paid at straight time hourly rates were requested for reimbursement using over time rates in an amount of approximately \$10,000. Additionally, project worksheets are not reconciled to the general ledger prior to submission by someone independent of the preparer.

Recommendation: Controls should be implemented to ensure compliance with the requirements specified by the Uniform Guidance. This would include reconciliation of requests for reimbursement to the accounting records as well as management's review and approval of project worksheets prior to submission for reimbursement.

ML 19-004 Information System Control Environment

Condition: The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Recommendations: The City should consider implementing the following:

- The City should develop and implement a Disaster Recovery Plan and testing to ensure that, in the event of a disaster, operations and systems can be up and running in the necessary and expected timelines. Documentation of the testing should be retained.
- The City should consider restricting administrative access to those who are not end users of the systems.
- The City should request that Incode password complexity requirements to include alphanumeric characters and a combination of upper case, lower case, numbers, and symbols be enabled.



- The City should consider documenting the performance of the user access reviews and maintain evidence of completion. As the review identifies any necessary user access changes, management should ensure that those necessary changes are properly documented.

This information is intended solely for the use of the Council Members and management of the City and should not be used for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 18, 2020

CITY OF THIBODAUX

FINANCE DEPARTMENT

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The following contains the City of Thibodaux's comments to the four (4) management comments for the 2019 City audit.

ML 19-001 Documentation and Review

Condition: Management is responsible for establishing and maintaining effective internal controls that ensures that financial information is reliable and properly recorded. Monthly reconciliations were lacking evidence of review by someone independent of the preparer.

Recommendation: Controls should be implemented to require management's review and approval.

City Response: The City has already put in place the practice of not only continuing to review all monthly reconciliations but will also have someone initial and date each monthly reconciliation so that there is documented proof that these have been reviewed by the appropriate Finance personnel and in a timely manner.

ML 19-002 Best Practices

Condition: The City's contracting policy does not address specific areas that are recommended as best practices. Additionally, the City does not have a formalized debt service policy.

Recommendation: The City's contracting policy should address standard terms and conditions, legal review and a monitoring process. The City should formalize a debt service policy.

City Response: The City's revised the contracting policy as stated below.

Contract Review Process

A. Submission. Contract document is forwarded to Administration by the Department head requesting the contract. Prior to submission, the department head should focus on the terms and conditions of the contract. The department head should inform the administration on what terms it can or cannot agree to and what terms require negotiation with the contractor. Issues to consider during this review include, but are not limited to:

- Whether the appropriate solicitation process was followed prior to contract award.
- Whether the contract terms and conditions, including duties of the parties, are clear, consistent, incorporate applicable standard city terms, and are acceptable to city and the department.
- Whether the city, department, or unit has the necessary funds and resources for the contract.

- Whether the goods and/or services provided are the most feasible for the city in terms of quality and cost.
- Whether the contract includes the entire understanding between the parties, without additional oral explanations or promises that are not included within the contract.

B. Legal Review. If the contract requires complex negotiations over terms and conditions or a contract must be drafted the department head shall request a review by the City Attorney otherwise the contract documents shall be reviewed by the administration. The review is required to ensure that the:

- City abides by state and federal laws.
- City is operating in accordance with city policies and procedures.
- City does not agree to any prohibited clauses.

C. Final approval. The final decision to enter into a contract is the responsibility of the administration following the adoption of an appropriate ordinance or resolution by the City Council in accordance with the provisions of the Home Rule Charter.

Debt Service Policy

The City of Thibodaux has written a Debt Service policy effective beginning in 2020 which has been submitted to the auditors.

ML 19-003

FEMA Reimbursement Request

Condition: Salary expenditures incurred and paid at straight time hourly rates were requested for reimbursement using over time rates in an amount of approximately \$10,000. Additionally, project worksheets are not reconciled to the general ledger prior to submission by someone independent of the preparer.

Recommendation: Controls should be implemented to ensure compliance with the requirements specified by the Uniform Guidance. This would include reconciliation of requests for reimbursement to the accounting records as well as management's review and approval of project worksheets prior to submission for reimbursement.

City Response: The City of Thibodaux has implemented a policy of utilizing multiple verification measures prior to final submission of FEMA reimbursement requests.

ML 19-004

Information System Control Environment

Condition: The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Recommendations: The City should consider implementing the following:

- The City should develop and implement a Disaster Recovery Plan and testing to ensure that, in the event of a disaster, operations and systems can be up and running in the necessary and expected timelines. Documentation of the testing should be retained.
- The City should consider restricting administrative access to those who are not end users of the systems.
- The City should request that Incode password complexity requirements to include alphanumeric characters and a combination of upper case, lower case, numbers, and symbols be enabled.
- The City should consider documenting the performance of the user access reviews and maintain evidence of completion. As the review identifies any necessary user access changes, management should ensure that those necessary changes are properly documented.

City Response: The IT department will be working on the following recommendations:

- **Documentation of the testing of the Disaster Recovery program with Incode.**
- **Restricting administrative access to only those who need these permissions.**
- **Work on a policy for password complexity for users of Incode.**
- **Work on documentation procedures of any changes to a user who has access to Incode.**